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NEWS SUMMARY

GENERAL

Police demo after siege

...gry policemen demonstrated ... Paris after the gun battle ...side the Iraqi embassy in ...ich a police inspector was ...led and two other officers ...unded.

...olice demonstrated outside ...ir headquarters in protest at ...at they described as "incomprehensible behaviour" by Iraqi ...urity guards, who began shoot... after an Arab gunman had ...rendered following a siege.

...he police said Iraqi security ...n opened fire on them and a ...ef inspector claimed the ...urity guards, who were later ...en into custody, were determined to kill the terrorist "at all ...ts." Page 2

...rimate attacks ...il conditions

... Tomas O. Fiaich, Roman ...tholic Primate of All Ireland, ...s Republican prisoners in ...ster are living in "inhuman ...d degrading" conditions. Dr. Fiaich, who said Mass at the ...ze Prison on Sunday, wants ... men to be given political ...tus.

...an violence

...least six people died and 300 ...re arrested during the wave ...unrest in Iran over the past ... days, according to the first ...l-length official statement on ... disturbances. Tehran and 12 ...er cities were affected. Page 4

...almon inquiry

...e U.S. Food and Drug ...ministration has started an ...estigation to find out how ...mon canned in the U.S. and ...ported to Britain became contaminated. Four elderly people ... in hospital in Birmingham ...er eating a can of salmon. ...ge 6

...arton speaks

...raham Barton, co-defendant with his wife in the "Ryder ...ge" forgery trial, said at the ... Bailey that when he passed ...uments to the Daily Mail he ...anted certain red herrings" ...protect his own security. He ... some of the documents were ...ulterated."

...isoner swap

...rench multi-millionaire, now ...ng in Israel, confirmed that he ...nvolved in efforts to arrange ... release of Jewish dissident ...toly Shcharansky, jailed by a ...scow court for treason, in ...hange for prisoners held in ... West. Page 2

...nassis marries

...stina Onassis said after ...ying Soviet shipping official ...ei Kauzov that they would ... living with Mr Kauzov's ...er in her Moscow flat for ... time being. The wedding ...mony was attended by eight ...s.

...id explained

...esia's chief of combined ...ations said the weekend ...into Mozambique had been ...ked off by the arrival of ... regiments of Tanzanian... ...ed guerrillas. The border ...es had achieved their "set ...ctive" Back Page

...efly ...

...David Owen, Foreign Secre... slipped a disc picking up ...of his sons at their East ...on home.

...Arab "people's court" in ...dad has begun the trial, in ...bsence, of Egypt's President ... for alleged treason in mak... ...is peace initiative.

...a says Vietnam is "the ... of the East" as an agent ...he Soviet Union

...age daughter of Argentina's ... chief of staff died in a ... blast at her home.

...men and a crane were called ...hen a 40 year-old elephant ...psed at Dudley Zoo.

BUSINESS

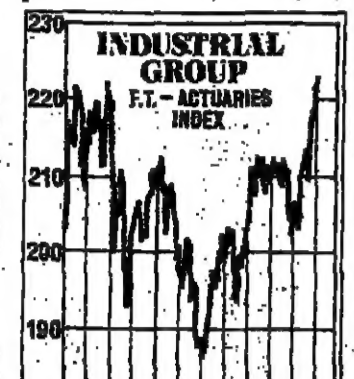
$ hits new lows; Gilts stronger

● DOLLAR again reached record lows against the Swiss franc and the yen, touching Y184.10 before closing at Y186.30 (Y188.80).

● STERLING closed slightly above its worst level at $1.9270, a fall of 45 points. The pound's trade-weighted index was 62.3 (62.5), and the dollar's trade-weighted depreciation remained unchanged at 9.2 per cent.

● GOLD continued to improve rapidly, because of the present weakness of the U.S. dollar. It closed $2¼ up at a record level of $202⅞.

● EQUITIES improved as a small demand chased too little stock. The F.T. Industrial



Ordinary Index closed 6.1 up at the day's best of 495.5. The Industrial Actuaries Group closed at 222.76, up 0.9, its highest since compilation.

● GILTS were aided by hopes of a fall in MLR. The Government Securities Index closed 0.17 up at 70.78.

● WALL STREET closed 1.55 down at 860.71.

Chrysler peace hopes grow

● PEACE FORMULA to end the paint shop dispute at Chrysler's Linwood plant is to be presented to shop stewards today and a mass meeting on Friday. In Northern Ireland an imminent announcement by Northern Ireland Secretary Mr. Roy Mason, is expected on the siting of a sports car assembly plant in West Belfast. Back Page

● ICI is understood to have offered Vinatex, the UK plastics producer, access to its advanced PVC technology to stave off bids for the company by two major Continental chemicals groups. Back Page

● LANCASHIRE textile industry has formally applied to the Government for an economic development committee to cover the sector Page 13

● ITALIAN Government has approved a salvage plan for the country's ailing large enterprises, which will be temporarily controlled by specially appointed commissioners. Back and Page 2

● PINCHIN DENNY, the large Stock Exchange jobbing partnership, is to receive cash backing of more than £1m from five institutional investors for its forthcoming move into the gilt-edged market. Back Page

COMPANIES

● ARLINGTON MOTOR Holdings pre-tax profits for the year ended March 31, 1978 rose 56 per cent to a record £1.21m. Page 15

● UNITECH—electronics components manufacturer—pre-tax profits rose to £3.11m for the year to June 3, 1978, compared with £2.1m the previous year. Page 14

● STERLING CREDIT Group pre-tax profits for the year ended March 31, 1978, were up £325,000 from £287,000. Page 15

● VEBA AB, West Germany's largest industrial company, forecast a profits recovery from the 1977 DM 70m post-tax figure. Page 17

...EF PRICE CHANGES YESTERDAY

...es in pence unless otherwise indicated)

RISES

...ury 12½pc '95...	£103¼	+ ⅞
...ham	635	+ 10
...n (D. F.)	21	+ 3½
...n (J.)	428	+ 10
...n and Jackson	180	+ 20
...terfield Props	335	+ 13
... Hotels	127	+ 6
...mercial Union	157	+ 7
... Mail A	258	+ 15
... Intnl	270	+ 8
...a Rue	413	+ 13
... Star	137	+ 7
...ne King	295	+ 12
...	284	+ 6
...s Prop.	81	+ 15
... Secs	232	+ 6
... Merchant Secs	101	+ 5
...s Inds.	323	+ 5
...and Cank	353	+ 5
Peerage, Birmingham	66	+ 3
Prop. & Rev. A	307	+ 10
Reed Intnl.	149	+ 4
Ricardo	227	+ 10
Sharpe (W. N.)	202	+ 12
Smith (W. H.) A	165	+ 4
Sterling Credit	32	+ 5
Stock Conversion	272	+ 8
Tube Invs.	390	+ 6
Unitech	152	+ 6
Utd. Real Prop.	270	+ 10
Victor Products	157	+ 7
Shell Transport	572	+ 10
Highland Lowlands	131	+ 9
De Beers Dfd.	398	+ 9
Libanon	644	+ 40
Pancontinental	£15¼	+ [illegible]
President Brand	110¼	+ [illegible]
Selection Trust	442	+ 8
Vaal Reefs	£16¼	+ ¼

FALLS

Vinten	168	− 4

Callaghan and Steel to discuss post-election pact

BY PHILIP RAWSTORNE

Mr. James Callaghan and Mr. David Steel are to meet in early September to discuss terms for another Lib-Lab pact, if an autumn general election should result in a hung Parliament.

The talks are planned to take place after the start of the TUC conference on Monday, September 4—Mr. Callaghan is expected to address the conference on the Tuesday or Wednesday—and before the start of the Liberal Party conference on September 11.

The Prime Minister is due to spend two days at Balmoral during that period, when, it has been suggested, he could advise the Queen of an October general election.

The present Lib-Lab pact effectively ends tomorrow with the Commons adjournment for the summer recess.

Mr. Steel's decision to continue his meetings with the Prime Minister under the current agreement is bound to cause anger and dismay among many Liberal MPs and Party workers.

The Liberals' agreed party strategy had been to make a clean break with the Labour Government well in advance of a general election so that they can fight an entirely separate campaign.

Though the alliance with the Government technically runs to the end of the session on October 24, most Liberals have assumed that the break would come tomorrow.

Many Liberals have argued that even the 10 week summer recess was not long enough to regain their separate party identity and recover the support of voters who have been drifting to the Conservatives.

Mr. Steel's meeting with Mr. Callaghan shortly before the election announcement is expected will raise questions in the party about its possible electoral effect.

Senior Liberals are already concerned about a possible collapse of party morale and support if the Director of Public Prosecutions' inquiries into the Norman Scott case should involve any party members in legal proceedings.

But Mr. Steel's argument appears to be that the party should be better prepared for the possibility of another political alliance after this General Election than it was for Mr. Edward Heath's approach in February, 1974, or Mr. Callaghan's initiative last year.

The Liberal election manifesto will spell out the party's conditions for any future pact with either of the major parties. The basic feature of the terms will be the introduction of a Government Bill to implement a proportional representation system of voting for Parliamentary elections.

Mr. Steel, who confidently predicts an increase inthe number of Liberal MPs at Westminster, insists that the party would be open to offers from either Labour or the Tories.

But, clearly, he feels that the prospect of establishing any agreement with Mrs. Margaret Thatcher is remote.

On present indications, the Liberal leader believes he is likely to have more to gain by talking in terms in advance with Mr. Callaghan—and nothing to lose by being seen to have a hand still on the reins of power.

The September meeting could also provide Mr. Callaghan with a "fail safe" device for delaying the General Election, should public opinion turn decisively against the Government later this summer.

Mr. Steel, at a meeting with Mr. Callaghan last week, again pressed on him the need for an autumn General Election. If the Prime Minister wanted to continue in office into next year, and was prepared to pay the price with a Bill on proportional representation, the Liberal leader might be persuaded at least to put the proposition to his party conference.

No green light yet for expansion, CBI warns

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

INDUSTRIALISTS expect only a patchy recovery in British manufacturing activity between now and the end of the year, and are generally resigned to several more months of uncertainty over business prospects.

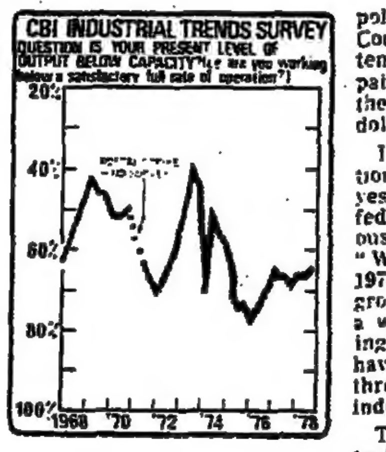
This emerged yesterday in the quarterly industrial trends survey of the Confederation of British Industry which showed that with two-thirds of manufacturing industry having now worked below capacity for two years, the mood of business remains cautious.

Although there has been some improvement in export orders, few companies are prepared to present bullish forecasts. Uncertainty about the trends of future orders at home and overseas is being compounded by concern about how the new stage of pay policy will develop.

But there are some signs of an improvement. The survey shows in particular that small businesses may be beginning to respond to Government initiatives by taking on more labour at a time when the larger companies are still planning cutbacks.

On the general situation Sir Ray Pennock, a deputy chairman of ICI and chairman of the Confederation's economic situation committee, said yesterday: "We are still very much saying that one must wait and see what happens.

"We are on the yellow light, having left the red, but the green light is not there yet. This is not a gloomy downturn but a cautious approach because the improvement we expected has not come through yet."



The survey results are little better than those of three months ago which the Confederation used in its battle with the Government over the Budget's tax cuts. Yesterday, with no fresh political battle in prospect, the Confederation's leaders tried to temper the gloomy picture they painted then by emphasising that they were "not too much in the doldrums."

In its monthly economic situation report, which accompanied yesterday's survey, the Confederation underlined its cautious approach when it said: "While we continue to expect 1978 to be a year of reasonable growth for the UK economy as a whole, it is becoming increasingly likely that this will not have been reflected right through manufacturing industry."

This leads the Confederation to forecast that on present policies output growth through 1979 will decelerate from the 3 to 3½ per cent which it expects this year to around 2 to 2½ per cent. This would be accompanied by a small surplus on current account and by price inflation remaining in single figures for most of next year.

In the survey the confederation could find only one clear example of the revival in retail

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Lonrho considers legal action over Dunford profit forecast

BY MARGARET REID

LONRHO, THE conglomerate run by Mr. Tiny Rowland, is considering taking legal action over the £5m profit forecast for 1976-77, which proved much too high, made by the Board of Dunford and Elliott, the Sheffield steel concern which it took over for £15m last year.

Because of this, the City Takeover Panel has deferred further consideration of the matter until it is clear whether Lonrho is going to take legal proceedings and, if it does so, until their outcome is known.

Dunford and Elliott predicted profits of £5m for 1976-77 when it was fighting off an unwelcome bid from Johnson and Firth Brown in December, 1976, and again in February, 1977, when Lonrho made a higher agreed offer. But the profit turned out to be only £1.7m.

The panel received information from Morgan Grenfell, the merchant bank which was joint adviser with Grindlays Brandts to Dunford at the time of the bids. It then decided to make its own inquiries whether, in relation to the forecast, there had been any failure to comply with the requirements of the take-over Code.

It invited submissions from Lonrho which afterwards provided a preliminary report on certain aspects of the preparation of the forecast.

The panel would now have proceeded to reach its own conclusion and to take any action it thought appropriate, but for Lonrho's consideration of the possibility of legal action.

A spokesman for Morgan Grenfell said last night that it had not received any communication or any indication from Lonrho of any threatened legal action. "Our conscience is totally clear on the matter," he added.

Gold at new high of $202⅞

BY MICHAEL BLANDEN

THE GOLD price jumped to new record levels yesterday under the pressure of continued heavy speculative buying as the dollar fell further in the foreign exchange markets.

At one stage, gold reached a peak of $207½ an ounce, but it slipped back later with the market apparently finding some difficulty in assessing the right level for the price.

The setback reflected partly a slight recovery of the dollar in later dealings with evidence of a little profit-taking by speculators. It also appeared to be felt in the gold market that the price had been pushed too high in the morning.

The price reached $207.5 an ounce at the morning fixing, well above the previous peak of $202½ recorded during trading last Friday. The afternoon fixing, however, was unusually prolonged and eventually produced a price of $205.1.

By the close of dealings in London the gold price had come back to $202⅞ an ounce, a rise of $2¼ from the previous day's level.

The European foreign exchange markets again reflected overnight pressure on the dollar in Tokyo, where the central bank offered little or no support for the second day in succession.

Reports that the Japanese Government was considering new exchange control measures including a ban on interest payments on non-residents' yen deposits had little apparent effect. The U.S. currency dropped to new lows against the yen and the Swiss franc.

Later in the day, however, rumours of possible Japanese export controls coupled with some reaction after the recent sharp declines combined to bring a slight improvement in the dollar.

Throughout the day attention was concentrated on the two strongest currencies, the yen and the Swiss franc, with the pound and even the West German D-mark on the sidelines.

In busy trading the dollar touched Y184.1 and ended at Y186.3, compared with Y188.8 on

Continued on Back Page

Xerox settles with IBM out of court

BY DAVID LASCELLES NEW YORK, August 1.

IBM AND Xerox today set aside their bitter legal differences by entering into an agreement to swop licences on all technology protected by their present patents and any they might apply for in the next five years.

Under the agreement IBM is to pay Xerox $25m (£13m) in an out-of-court settlement.

The agreement is primarily aimed at bringing an end to the dozen or so patent infringement actions the two companies have been taking against each other in the U.S. and Canada, but is also expected to lead to significant cross-fertilisation between them over the whole range of information-handling systems.

In a joint statement Mr. Frank Cary, chairman of IBM, and Mr. Peter McCough, chairman of Xerox said: "Complex patent and trade secret issues have existed between Xerox and IBM for over eight years. They have resulted in significant cost and a substantial drain on management time and the product development and legal resources of both companies.

"Putting these issues behind us will enable each company to concentrate on its basic business of dealing with the opportunities in the market place."

The agreement covers the "normal products" of the two companies and includes most forms of office and data-processing equipment, from copiers to computers.

It has world-wide application, meaning that the two companies' foreign subsidiaries, such as Rank Xerox, are involved.

Xerox will gain access to some 9,000 IBM patents in the U.S. and a similar number abroad. Xerox itself has about 4,500 patents in the U.S. and about the same abroad, so the agreement covers some 27,000 patents in all.

Both companies, however, stressed that this was not an agreement to exchange technology or know-how. Only registered patents and paid-up licences are involved.

Additional

Under one clause IBM is to pay Xerox $25m to settle outstanding patent infringement suits. An IBM spokesman stressed that this was not a legally ordered payment but a settlement to end litigation.

The long court battles in which the two companies have been locked began in April 1970, when Xerox sued IBM in the U.S. for infringement of its Copier 1 patents. Xerox followed this up with further suits over its Copier 2 and Copier 3. Similar suits were subsequently filed in Canada.

IBM took the offensive in 1975 by suing Xerox in both the U.S. and Canada for infringement of its 4000 and 4500 series patents, and last February filed an additional action in both countries alleging infringement of its 800 and 850 typing systems patents.

The agreement disposes of all these cases and leaves no litigation outstanding between the two companies.

MGM starts move into European gaming

BY JOHN WYLES NEW YORK, August 1.

METRO - GOLDWYN - MAYER, the casino and motion picture company, is to put up for sale in Europe up to 500,000 of its common shares as a preliminary to making its first direct investment in gaming outside the U.S.

The shares will be from the holding of Mr. Kirk Kerkorian, the company's vice chairman, who owns 7.3m, valued at $284m (£148m), or about 51 per cent of the common stock.

MGM executives have surveyed parts of Europe, but the company has not yet disclosed where, or how much, it might invest in a European gaming operation.

Mr. Kerkorian said today that the share distribution would help MGM qualify for listing on European stock exchanges, "consistent with our desire to enter into hotel-casino operations in Europe at some time in the future."

Mr. Kerkorian, who will be left with a 48 per cent holding, added that the distribution would be handled by a group of major European and American institutions and investment bankers.

MGM owns hotel-casinos in Las Vegas and Reno, and gaming accounted for more than 53 per cent of the company's 1977 revenues of $288.5m.

£ in New York

—	July 31	Previous
Spot	$1.9215-.9325	$1.9235-.9255
1 month	0.48-0.45 dis	0.42-0.36 dis
3 months	1.15-1.10 dis	1.22-1.18 dis
12 months	4.20-4.00 dis	4.50-4.10 dis

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FEATURES

For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

Tourist payments increase sharply in the OECD area

BY ROBERT MAUTHNER

PARIS, August 1.

INTERNATIONAL TOURIST payments increased by leaps and bounds last year in the OECD area, with receipts in the 24-member countries rising by 23 per cent and expenditure by 17 per cent over the previous year.

The annual report on tourism, due to be published by the OECD Secretariat next month, shows that tourist receipts for the area as a whole last year totalled $41.1bn, compared with only $33.7bn in 1976, and that expenditure increased during the same period from $36.4bn to $42.8bn.

There was an appreciable increase in tourist flows from West Germany and France and a more moderate rise in tourists from the U.S.

The sharpest increase in the number of tourist arrivals during the first four to five months this year was registered by Spain and Norway (up by 20 per cent) followed by Greece and Finland (up by 17 per cent), Portugal (up by 13 per cent) and Yugoslavia (up by 16 per cent.).

UK receipts from tourism rose by more than 31 per cent to $3.8bn in 1977, compared with $2.9bn the previous year, placing it fifth equal with West Germany in the table of countries with the highest tourist income.

Expenditure by British tourists abroad rose by 7 per cent last year to $1.9bn.

The expansion in tourism in 1977 was much greater than in the previous year, when receipts and spending rose by only 7 per cent, and also substantially faster than the rate of inflation. The increase in international toruist recently of 23 per cent for the year as a whole and of 28 per cent for the European members alone, compared with an average rate of inflation of 8 to 10 per cent respectively.

The rise in international tourist payments last year corresponded to a year-on-year increase in the number of foreign tourist arrivals, averaging some 5 per cent for the European members, and Yugoslavia, 3 per cent for North America and 7 per cent for Australasia and Japan.

The 13 European member countries and Yugoslavia registered an increase of 7 per cent in the number of nights spent by foreign tourists, compared with a static situation in 1976.

The main new features of tourist flows last year were a considerably greater number of arrivals in Portugal, a marked upturn in the flows towards Spain and Ireland and a slippage in the number of tourists arriving in Greece, bringing that country into line with a more moderate but relatively sustained growth rate in Italy, Japan and the UK.

Tourist arrivals in the UK, on the other hand, fell by 3 per cent during the first four months of 1978.

According to the U.S. Passport Office estimates, the number of tourists bound for Europe increased by 7 per cent during the first seven months of this year compared with the same period in 1977.

Paris police protest over Iraqi shoot-out

By Our Own Correspondent

PARIS, August 1.

THE FRENCH Government was still considering tonight what action to take over the gun battle outside the Iraqi embassy last night, in which Iraqi security guards shot dead a French police inspector and wounded two other policemen.

The shoot-out, in which an embassy guard was also killed, occurred after the surrender of an Arab gunman, believed to be a Palestinian, who held eight members of the embassy staff hostage throughout the day.

As police anger mounted at what they described as incomprehensible behaviour by the Iraqi guards, President Giscard d'Estaing discussed the affair with M. Louis de Guiringaud, his Foreign Minister. Iraq's Ambassador to France, Mr. Tawfiq al-Wandawi, was summoned by the secretary-general of the President's Staff, presumably to be handed a French Government protest, but no announcement was made after the meeting.

It is thought that the three Iraqi security guards taken into custody by the police last night after having taken part in the gun battle, will be expelled from France. No legal action can be taken against them because they are in possession of diplomatic passports.

Meanwhile, angry policemen demonstrated in front of the Quai des Orfèvres, the French equivalent of Scotland Yard, to protest against the killing of one of their number by the Iraqi guards. They were expected to deliver protests to the presidential palace and to the Ministry of the Interior.

The police have accused the security guards of opening fire on them as the Arab gunman was being led out of the embassy by police officers. A chief inspector said it was clear that the guards were trying to kill the terrorist at all cost.

Other police witnesses said that Iraqi security men were shooting from the windows of the embassy and the pavement outside the building.

Films shown by French television which appear to confirm the police version, have not deterred the Iraqi Ambassador from issuing a statement claiming that Palestinian accomplices of the terrorist were responsible for starting the shooting.

The identity of the captured terrorist, who was seriously wounded in the gun battle, has not been established with certainty. The Iraqi News Agency claimed yesterday that he was the brother of Said Hammami, the Palestine Liberation Organisation representative who was assassinated in his London office last January. The French police have not confirmed the identification and say the man who surrendered to them had no identity papers. The police said he was too ill to answer questions. He underwent an operation for a thigh wound at a Paris hospital today.

ITALIAN CHEMICALS CRISIS

An industry at breaking point

BY PAUL BETTS IN ROME

THE CRISIS of the Italian chemical industry, one of the backbones of the country's industrial structure, has reached breaking point.

After months of delay and political haggling, the Government is at last focusing its attention on a salvage plan for the large chemical conglomerates, which employ more than 200,000 people and have debts of L8,000bn (about $9bn).

In a rush of activity before the August holidays and faced with the imminent bankruptcy of several companies, the Cabinet met yesterday to consider a number of emergency measures. These are intended to ease, at least temporarily, an increasingly explosive situation until all-party and trade union agreement is reached on the long-awaited industrial reconversion programme.

The main steps for both the chemical industry, and troubled groups in other sectors, are to set up interim supervisory managements for the worst afflicted companies — in particular the two chemical conglomerates, Liquigas and Societa Italiana Resine (SIR) — and to inject urgently needed funds.

In recent weeks, Sig. Carlo Donat Cattin, the Industry Minister, has repeatedly stressed the need to appoint a special commissioner, or a number of commissioners, to take independent control of financially troubled companies with accumulated debts of more than L50bn and which have not paid any salaries for the past two months.

While the picture of the chemical sector has been gloomy for years, political indecisions, complex and often unsavoury manoeuvres, and recent allegations against leading executives and bankers over the illegal use and misdirection of public funds have accelerated the crisis during the past months.

The major banks and special credit institutions have increasingly delayed granting fresh credits to the troubled groups. They have granted credits only as a result of intense pressure from the Government. Layoffs have increased, plants have been shut in Sardinia, and new projects like the joint bioprotein venture in the island between British Petroleum and the Italian state chemical concern ANIC have been scrapped. ICI droped out from a joint venture with Montedison—Italy's largest chemical group which last year lost more than L500bn—for the construction of a large analine plant in Sicily.

The industry's problems could have, and in some cases already have had, enormous political and social repercussions. This is particularly so in the Mezzogiorno where the industry was seen as one of the principal pivots of the industrialisation of the depressed South.

Although many Italian chemical operators are inclined to attribute their difficulties to the sharp increase in raw materials, the high cost of labour and money, the intransigence of the unions, and government-fixed prices, the roots of the problem lie elsewhere.

Compared with their international competitors, Italian chemical companies have invested little in research. There has been no co-ordinated national programme for the sector following the energy crisis. But the principal weakness has been the disproportionate and haphazard development of petrochemicals and basic chemicals as against secondary or fine chemicals. Basic chemicals require large investments, and, relatively speaking, generate low employment, low profits and low competitiveness on international markets.

At the same time, the main groups—Montedison, ANIC, SIR and Liquigas—have always been at war with each other, competing with their considerable political influence to secure the lion's share of subsidies for the industrial development of the South.

The political forces, the chemical groups and the union leadership now realise that the industry has reached the end of the road. Yet, in spite of repeated disections of the industry's entrails, no long-term agreement for its reconstruction has been reached. Unions are concerned with the likelihood of large-scale redundancies, political parties are reluctant to provoke a head-on clash with the unions, and heavily exposed banks want to cut their losses.

Deadline set for Portugal parties

BY JIMMY BURNS

LISBON, August 1.

PRESIDENT Antonio Ramalho Eanes tonight urged the main political parties to solve the political crisis by the weekend. Failure to do so might leave him no alternative but to call a general election by the end of the year.

"The unescapable truth is that, if the party leaders do not reach a compromise agreement which would guarantee political and Government stability, the solution of early elections must be adopted as the only logical and democratic one," President Eanes said.

Speaking on nationwide television and radio, the President pointed Portugal's divided political leaders in the direction of what he termed the two most "viable alternatives"—either a restructured alliance of political parties with a firm parliamentary majority, or a presidentially-backed government of "personalities with recognised political and technical competence."

He made it clear that the appointment of a caretaker government, and the holding of early elections, would be undesirable, in view of the country's political and economic circumstances. Portugal, by the terms of the constitution, would have to face two major elections in a space of 18 months. "This would mean that politicians would spend more time listening to the will of the people than carrying it out," President Eanes said.

His speech comes a week after the withdrawal of three Conservative ministers from the Cabinet led to the collapse of the six-month-old governmental alliance between Christian Democrats (CDS) and Socialists.

During the past 48 hours, CDI leaders have said they were willin gto patch up their differences with the Socialists if certain ministerial changes were made. These should include the appointment of a new Minister of Agriculture to replace Sr. Luis Sais, whom the conservatives accuse of having allied himself unofficially with the Communists over agrarian reform.

Sr. Mario Soares, the Socialist Party leader ,is expected to make a formal comment tomorrow.

Dominance of big German groups grows

BY GUY HAWTIN

FRANKFURT, August 1.

THE WEST German industrial economy is becoming increasingly dominated by a few, very large concerns. A recently published report states that one-third of the country's 11.3m labour force is employed by the 123 groups which have an individual turnover of more than DM 1bn ($491.6m).

According to Herr Chirstoph Wehnelt, economics correspondent of the Frankfurter Rundschau, the 123 "Deutsche Mark billionnaires" have a combined sales of more than DM 600bn ($295bn), when the turnover of their overseas susbidiaries is included. This compares with West German industry's total sales of DM 844m ($415bn).

West Germany's largest industrial group remains Veba, the energy, chemicals and glass conglomerate. Its sales total more than DM 27bn, although its labour force is reasonably small at 66,800. Siemens can claim to be the largest industrial employer with a workforce of 319,000. In sales terms it comes second to Veba with a turnover of DM 25.2bn.

Third place in the sales league lies Daimler-Benz, perhaps surprisingly for those unfamiliar with the federal republic's motor industry. The maker of commercial vehicles and quality cars had a turnover of DM 24.72bn last year; its labour force was 169,165.

Fourth in size is Volkswagen, the country's largest car manufacturer, with sales totalling DM 24.15bn and a labour force of 191,891. Fifth, sixth and seventh place in the league are occupied respectively by the three large chemicals companies Hoechst, BASF and Bayer. Hoechst's turnover was DM 23.3bn, and its labour force 180,907. The figures for BASF and Bayer are DM 23.28bn and DM 21.39bn, and 126,180 and 170,400 respectively.

Next in line comes Thyssen, the steel and mechanical engineering concern, which in 1977 reported a turnover of DM 18.71bn and a labour force of 170,400. Ninth is AEG-Telefunken in the electrical sector with a turnover of DM 14.29bn and a 158,400 workforce.

Last of the "big 10" is the Kloeckner group which is involved in steelmaking, vehicle building and trading. Its turnover last year totalled DM 14.13bn, and it employed 73,678.

Shcharansky exchange hint by Israeli

By David Lennon

TEL AVIV, August 1.

MR. SAMUEL FLATTO-SHARON a multi-millionaire from France who now lives in Israel, confirmed today that he is involved in efforts to arrange the release of the Soviet Jewish dissident, Mr. Anatoly Shcharansky.

Mr. Sharon, who is a member of the Israeli Knesset (Parliament), said that his secretary is in Moscow trying to arrange an exchange of Jews imprisoned in the Soviet Union for people held in other parts of the world.

He said this evening that he thought the chances for the success of te exchange were quite good, but preferred not to discuss the details at this stage of the sensitive negotiations. "Call me in a few days and maybe I will have good news for you," he said.

Mr. Sharon, was involved in a three-way exchange a few months ago with prisoners in the U.S., the USSR and Mozambique. He has been in contact with the East German lawyer, Herr Wolfgang Vogel, who set up this and previous deals, in an effort to get Mr. Shcharansky released.

Our Foreign Staff adds: The reports of an east-west prisoner swap brought a series of denials.

Herr Vogel, who has been involved in past prisoner exchanges, told the Financial Times from East Berlin that a Reuter report of an exchange involving Mr. Shcharansky was not correct.

In Washington, administration officials said tha tthe U.S. government was not concerned in an east-west swap involving the soviet dissident.

In Bonn, Reuter reported that Chancellor Helmut Schmidt had veoted any exchange involving the convicted East German spies Guenter and Christel Guillaume.

Lull in French air dispute

BY DAVID CURRY

PARIS, August 1.

FRENCH AIR traffic controllers are due to end their work to rule overnight. However, controllers in three of France's four flight control centres last night voted to resume the go-slow next weekend if the authorities do not open negotiations by then. But there is no sign the Government is prepared to open talks to end the industrial action which has brought chaos to Western European holiday flights.

The 2,500 controllers are claiming better pay, incorporation of bonuses into salary, higher staffing levels and immediate investment in new equipment.

The Transport Minister, M. Joel le Theule, has repeated that their action is unacceptable, and he regards the controllers' claim that their essential concern is for air safety as a smokescreen behind which they are pressing purely for salary increases. He says that they are perfectly well aware of the Government's plans to re-equip traffic-control centres.

Replying to their wage claims, M. le Theule says that the starting salary, including bonuses, is FFr 3,600 (£427) a month and that the most senior controllers earn about FFr 8,200.

He argues that the working week is 37 hours in law and 32 hours in practice including rest periods. At slack times, he claims, a controller might be on active duty only 15 hours a week while he benefits from retirement at the age of 55.

The Minister ruled out the use of military controllers, last used in 1973 when the civilian controllers staged an unlawful strike.

The French pilots association, on the other hand, has expressed support at least for the controllers' anxieties over the quality of their equipment which, they say, is some 15 years old and not geared to cope with present traffic volumes.

French travel agents have said that they will reimburse completely people whose holidays have to be cancelled and will pay the extra costs of those stranded overseas. But there will be neither compensation nor extension of holiday for those trapped at airports waiting to depart.

Michael Donne adds: Airlines at UK airports have begun to make some progress in clearing the heavy backlog of passengers delayed as a result of the work-to-rule.

The situation was helped by the fact that Tuesday is always a lighter day in holiday air travel, with fewer flights scheduled than at the weekend. Also many airlines have been obliged drastically to reshape their scheduling patterns to take account of aircraft and crews thrown out of position

While at Heathrow delays on Tuesday were reported to be down to little more than an hour or two to most places on the Continent, there were still delays of several hours being reported at Gatwick, where the original backlog of passengers of about 5,000 was reduced to about 1,500. At Luton, "indefinite delays" were still reported.

Charles Batchelor adds from Amsterdam: Three Dutch insurance companies said they will meet the extra costs incurred by travellers stranded abroad by the French dispute. The three concerns, which account for 95 per cent of the Dutch organised air holiday insurance market, will meet tourists' extra travel and hotel costs of up to Fl 50 ($23) a day.

Spanish defence chief visits U.S.

BY ROBERT GRAHAM

MADRID, August 1.

A SERIES of discussions on the future of Spain's defence relations with the United States are being held in Washington this week by General Gutierrez Mellado, the Spanish Defence Minister.

Gen. Gutierrez Mellado, who began the formal part of a six-day visit today, is the most senior Spanish defence official to hold talks in Washington since the elections in June, 1977. He will be meeting all the key members of the U.S. defence establishment including Mr. Harold Brown, the Defence Secretary. He will also have talks with Vice-President Walter Mondale.

Spain's bilateral defence treaty with the U.S. is due to expire in 1981. Under Franco it was the single most important defence guarantee for Spain and is still regarded as such by the Suarez government. While making no secret of Spain's desire to become more directly associated with the North Atlantic Treaty Organisation (NATO) the Spanish Government wants to ensure the effective functioning of its Treaty with the U.S.

Although some press reports have linked the General's visit directly to discussions on Spanish membership of NATO, such suggestions are considered premature. So far, the main contacts on the issue of Spanish membership of NATO have taken place in Brussels and have concerned familiarisation with the technical details of how the alliance operates.

With the restoration of democracy in Spain, the Spanish no longer feel such a deep need for U.S. protection as the treaty implies. The Spanish Government is alive to opposition criticism that the treaty is an unequal one. The opposition says the Americans get more benefit from the treaty than do the Spanish. Under its terms the U.S. has been allowed to operate three air bases, including the large base of Torrejon, just outside Madrid, and the nuclear submarine base of Rota on the Atlantic coast.

The Defence Minister is expected to concentrate on technical issues. Among these will be how the Americans intend to phase out nuclear submarine operations at Rota, which they are committed to do by the end of 1981.

Spain is in the market for a range of new military equipment though not necessarily immediately. Gen. Gutierrez Mellado is expected to explain Spain's decision to opt for 48 Mirage aircraft against strong U.S. competition. The French purchase, confirmed last month at the time of President Giscard d'Estaing's visit to Madrid, was seen as stressing Spain's European credentials.

The General is expected to explain to his American host Spain's decision to go ahead with the construction of a new naval base in the Canary Islands, which was announced two months ago.

POLITICS IN HOLLAND

The new coalition gets into its stride

BY CHARLES BATCHELOR IN AMSTERDAM

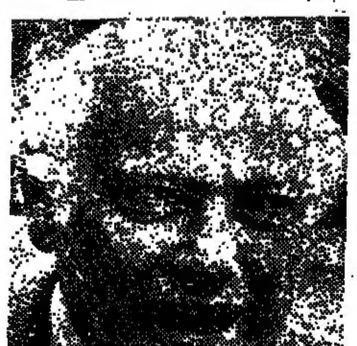
AFTER THE sudden collapse of the Dutch Government in March, 1977, and the record-breaking negotiations to form a new coalition, the Government which emerged last December was an anti-climax. Despite considerable election gains the largest single party, Labour, was excluded from the new centre-right coalition, with only 72 of the 150 seats in Parliament — including seven rebels who promised only conditional support for Government policies — the new Christian Democratic-Liberal coalition seemed set for a short and difficult term.

Now, seven months later, the picture is very different. The Christian Democrats have shown that despite their previous coalition with the Labour party they can get on with the junior coalition partner, the right-wing Liberals. Electoral support for the Christian Democrats in provincial and local elections has grown. While Dr. Dries van Agt, the Prime Minister, has strengthened his grip on the coalition ex-Premier Mr. Joop den Uyl has been unable to rally a convincing opposition around his Labour party.

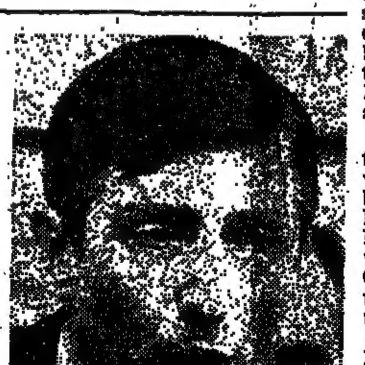
After the hiatus in effective Government during most of last year, long-awaited programmes are being implemented to boost the sluggish Dutch economy. A Fl 13bn ($5.8bn) plan to stimulate investment has finally been brought into effect. A Fl 10bn ($4.5bn) programme of spending cuts over the next three years has been produced and will come before Parliament when it reassembles at the end of the month. On the domestic front, studies of the problems of the South Moluccan community are beginning to show results in the form of a special aid programme.

Externally the new Government has agreed to increase spending in line with NATO guidelines while Holland's nuclear capacity in northern Europe will be maintained after the previous Government's attempt to shift to the nuclear role to one of the NATO partners.

At first sight the May, 1977, election considerably simplified the political scene in Holland. Many small parties saw their parliamentary strength reduced, while some disappeared altogether. The new coalition continued this trend, composed as it is of only two parties compared with five previously. But this ignores the special circumstances of the Christian Democratic party which consists of three previously independent groups. These are the Catholic People's Party (KVP) of Mr. van Agt, the Calvinist Anti-Revolutionary Party (ARP) and Protestant Christian Historical Union (CHU). The middle-of-the-road KVP and the left-of-centre ARP were members of the previous government. The right-of-centre CHU was not. Not unsurprisingly Mr. van Agt has had more trouble in holding this motley group together than he has had in establishing working links with his liberal coalition partner.



Mr. Dries van Agt, the Dutch Prime Minister, who has shown a much surer political touch since taking office.



Previous Prime Minister Mr. Joop den Uyl, who gained 10 more seats in the election but has been unable to rally a convincing opposition.

The Cabinet which was sworn in by Queen Juliana at her Soestdijk Palace on December 19 lacked several Christian Democratic ministers from the previous government who refused to accept a coalition with the Liberals. Much energy has been expended in debating how much the Christian Democrats could maintain the policies they had previously followed, and to what extent they should adapt to the new more right-wing coalition. There has been a clear swing to more conservative policies reflecting the predominance of the party's right wing.

Despite this swing the seven "loyalists" who threatened to vote against the Government if they disapproved of any particular piece of legislation have fallen in with the party line. The leader of the rebels, the party's parliamentary leader, Mr. Win Aantjes, has however maintained his independence in debate.

The refusal of several prominent Christian Democrats to serve in the new coalition and the Liberal party's lack of recent government experience meant the new team of ministers and state secretaries was drawn from a narrow base. It was also formed in haste after seven months of wrangling, more than five of them in an unsuccessful attempt to put together a Labour, Christian Democrat and Democrat 66 coalition. Despite these unpromising beginnings, there has been only one casualty. Dr. Roelof Kruisinga, the Christian Democratic Defence Minister stepped down in March in protest at the Government's wait and see policy towards the neutron bomb.

Even though he was Deputy Prime Minister and Justice Minister in the previous Government Mr. van Agt was to some extent still an unknown quantity. An apparently "upolitical" figure, he wondered publicly at a late stage in the coalition talks if he was the right man for the job of Premier. His handling as Justice Minister of the attempted arrest of alleged war criminal Mr. Pieter Menten threw doubts on his suitability for the top job. Mr. Menten fled to Switzerland the night before police came to arrest him and after unexplained delays on the part of the Justice Ministry.

The previous Prime Minister, Mr. Joop den Uyl's sure handling of the Lockheed scandal and the activities of South Moluccan extremists had greatly increased his standing and his Labour Party did emerge from the election with a 10-seat gain in Parliamentary seats. In fact Mr. van Agt's apparently unwordly approach to politics has won him much support.

Once in power he has shown a much surer touch. The question of whether Holland — and its British and West German partners—should export enriched uranium to Brazil, threatened to open old splits among the Christian Democrats. The Government failed to get Parliamentary approval for the exports in January and was sent back for further talks. These did not produce the necessary guarantees against misuse of the nuclear fuel and a large faction of the Christian Democrats, as well as the Left-wing opposition parties were for cancelling the deal. Intensive behind the scenes negotiations and Mr. van Agt's firm line in debate that no more could be achieved led to the collapse of the revolt.

The Government's plans to make even more extensive spending cuts than the Fl 4.5bn proposed by its predecessor were not well received by all of the departments. The Ministers of Social Affairs and Education in particular faced large cuts in their spending targets. This delayed the presentation of the cuts for two weeks beyond the Junes 15 deadline and it looked as if Parliament would go into summer recess before the plans could be presented. But within hours of his victory on the question of uranium exports debate Mr. van Agt was able to announce details of the cuts.

The junior coalition partner, the Liberals, have not fared so well. They have lost support in both the provincial elections in March and the local elections in May. This seems partly due to voters switching back to the Christian Democrats now that they are no longer in what many traditional party supporters saw as a dangerous coalition with Labour. It is also due to the elevation of party leader Mr. Hans Wiegel to the posts of Deputy Prime Minister and Home Affairs Minister. The youthful, articulate Mr. Wiegel was major cause of a Liberal revival in recent years but his ministerial posts have taken him out of day-to-day party politics.

A major test for any right-of-centre government is its ability to get on with the unions. Holland's traditionally moderate and well-organised labour force has been showing signs of increased militancy lately. Public authority workers recently staged a one-day strike to protest against planned curbs on their salary increases and widespread strikes followed the failure to reach a central wage agreement in 1977.

The unions have been growing restless at the slow progress over a number of reforms which the previous government promised in return for wage moderation.

A plan for excess profit sharing and a draft bill to increase the independence of company works councils are now before Parliament. The unions are not happy with the modifications which have been made to the previous government's proposals. The 1979 wage round which begins in November may prove the first serious challenge to Mr. van Agt.

Irish warning on investment

BY OUR OWN CORRESPONDENT

DUBLIN, August 1.

A WARNING that industrial unrest, particularly in public utilities such as telecommunications and transport, could affect overseas investments in Ireland is contained in the annual report of the Industrial Development Authority (IDA), the Irish State body responsible for attracting industrial investment.

The report also comments on the closure late last year of the Ferenka factory near Limerick with the loss of 1,400 jobs. As a result the mid west region was the only part of Ireland to show a net loss of jobs last year.

The IDA is keen to point out that most foreign industrialists in Ireland have never had a strike and says it is most unfortunate that they should be affected by disputes in the public services.

The IDA also defends its policy on trade unionism which had come in for criticism on the grounds that it was promoting the interests of specific unions. The report says IDA policy is to encourage incoming industrialists to negotiate with unions and not to advise on the choice of union or unions within a plant.

The authority maintains its optimism that its 1978 target of 27,000 jobs in the pipeline can be reached and possibly exceeded. It believes, too, that threats to Ireland's industrial incentives, both from an EEC review and American proposals to end tax deferral have now receded.

This year sees the end of the IDA's four-year plan which was badly hit by the recession, particularly in the Cork and Dublin areas where many traditional industries are located. In the new three-year plan to 1980 there will be more emphasis on providing new jobs from within Ireland. The IDA hopes to provide at least 51 per cent of job commitments from this source.

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Rate cuts by Soviet shipping opposed

By John Wyles

NEW YORK, Aug. 1.

MOVES TO curb rate-cutting by Soviet merchant shipping which serves the U.S. are gathering support in Congress.

The House of Representatives yesterday voted 329 to six in favour of legislation which would empower tlaFehedre gs- empower the Federal Maritime Commission to suspend the rates of Government-controlled shipping companies operating in "cross trades" to the U.S. If a companion Bill is passed by the Senate, the U.S. agency would have authority to act against Soviet rate-cutting on routes between the Far East and the U.S., which U.S. shipping companies have found increasingly troublesome.

Exempted from the scope of the Bill are Government-controlled carriers entitled to favoured nation treatment, and those operating in trades covered by specific FMC-approved rate agreements, or in trades directly between the U.S. and the country of the controlled shipping company.

The bill would prohibit a controlled carrier from setting rates "below a level which is just and reasonable." This vague formula would be given more precision by a judgment as to whether rates were below the carrier's "fully compensatory" costs level based o nwhat is known of the carier's and its competitors' costs. But the Bill would also allow the FMC to act if it believes that rates being charged are lower than those required "to maintai acceptable continuity, level, or quality of common carrier service to, or from, affected ports."

Passage of the Bill would be the culmination of three years of efforts by the U.S. maritime lobby to gain a measure of redress against Soviet rate-cutting. The vote yesterday will also be welcome to many European carriers which are urging western Governments to adopt a more vigorous stance against Soviet bloc shipping.

It is not known when the Senate will get round to considering the legislation, but the supporters of the Bill are hoping for action by the Autumn.

U.S. COMPANY NEWS

National Airlines cool on Texas International bid: Colonial Stores fails to stall Grand Union tender: Quaker Oats sees 10 per cent profit gain—**Page 17**

IMF will lend Egypt up to $750m over three years

BY DAVID BUCHAN

WASHINGTON, August 1.

THE INTERNATIONAL Monetary Fund (IMF) has agreed to lend Egypt up to an equivalent of $750m over the next three years on condition that the Government curbs inflation and stimulates export growth.

The credit is exceptionally high, amounting to 263 per cent of Egypt's quota in the IMF. But, since 1976, the Fund has been authorised to lend credit above the normal ceiling of 100 per cent of a borrower's quota in certain cases, and has done so to Jamaica, Turkey and Zambia.

Fund officials said today that further conditions would be set as Egypt draws on the credit line. The initial conditions, laid down in the Egyptian Government's new three-year economic programme, are that the country should aim for "a high and sustainable" annual growth rate of at least 8 per cent, inflation of below 10 per cent, restraint on the increase in domestic credit, and equilibrium in the overall balance of payments.

More resources will be channelled into investment in the export sector, with the aim, the Fund says, of raising to 26 per cent in 1981 the share of fixed investment in gross domestic product. This was 15 per cent in 1974 and is estimated at 23 per cent this year.

The IMF has been criticised recently for imposing unacceptably harsh terms on some of its poorer borrowing members, but it feels these conditions can be met, given Egypt's economic progress since 1976. Both the balance of payments and the growth rate have improved since then, thanks to the reopening of the Suez Canal, the revival of tourism, and an increase in oil exports.

The Fund's confidence in the Egyptian economy has also been increased by the level of aid the Carter Administration is proposing to provide it. The Administration is asking Congress for $750m in what is called security related economic aid for Egypt next year, a sum only slightly smaller than that requested for Israel.

Meanwhile, the U.S. Senate yesterday passed a Bill authorising participation in the so-called "Witteveen facility" of $10bn to help countries with balance of payments deficits caused by oil imports. The U.S. would contribute $1.7bn to this fund, with the Organisation of Petroleum Exporting Countries (OPEC) putting up almost half the total.

Brazil trade gap widens

BY DIANA SMITH

RIO DE JANEIRO, August 1.

THE $456m half-yearly trade deficit announced by the Brazilian Treasury Minister, Sr. Mario Simonsen, has ended the hopes of the beginning of 1978 that this year there would be a surplus or, at least, a balanced trade account. Imports of $1.188m in June exceeded exports of $1.103bn by $85m. The three other deficit months this year were January ($177.5m), February ($170m) and May ($31.7m). In March and April, surpluses of $1.6m and $12m respectively were achieved.

Sr. Simonsen hopes that imports during the rest of the year can be kept under $1.1bn per month, and that monthly exports will exceed this figure. This prospect depends on high world coffee prices and on a further upsurge of exports of manufactured goods.

Thanks to rising exports of manufactured goods (with cars and engines achieving 35 per cent higher sales abroad this year than in 1977), the Brazilian trade balance has not slipped further into the red, following the repercussions of local droughts and frosts and lower world prices, on exports of agricultural produce.

Peruvian mine strike

About 70,000 Peruvian miners are to start an indefinite strike today, according to mining industry officials, Reuter reports from Lima. The National Federation of Miners and Metalworkers is demanding wage increases and the re-hiring of about 400 miners fired after a series of labour stoppages. Hardest hit by the strike will be Centromin, a state-owned mining corporation, which accounts for about half of Peruvian exports of metal, mainly copper, lead, zinc and silver.

Liquid gas danger warning by GAO

Liquefied gases should be stored in unpopulated areas and closely guarded, gas transporters should carry a high level of accident insurance, and Congress should consider setting up a federal energy safety agency. These are the main recommendations of a report this week by the General Accounting Office (GAO), the investigatory service of Congress, our Washington staff writes. The release of the report, which says that a gas explosion in a densely-populated area would be a "catastrophe," follows an admission by New England gas transporters that their shipments through cities and towns were a high risk. The proportion of liquefied natural gas (LNG) in total U.S. energy supplies has risen rapidly with growing imports of tanker-shipped gas from abroad.

Bomb kills admiral's daughter in Argentina

Gen. Jorge Videla yesterday began a new tenancy of the Argentine presidency by attending the wake for Srta. Paula Lambruschini, the 15-year-old daughter of Admiral Armando Lambruschini, who is to become naval commander-in-chief and a member of the ruling military junta next month, Robert Lindle yreports from Buenos Aires. Srta. Lambruschini, and possibly others, were killed early yesterday when a bomb in a room below the Lambruschini apartment in Buenos Aires caused the four-storey building to collapse. Eleven other persons were wounded by the blast and are in hospital.

Adm. Lambruschini is to displace Adm. Emilio Massera, who has held the post for two years, as the naval member of the junta. Yesterday, the first change in the junta — which has ruled Argentina since a March, 1976, coup d'etat—took place when the Chief of the Army General Staff, Gen. Roberto Viola, succeeded Gen. Videla as army commander-in-chief.

House vote on Turkey

The House of Representatives was due to decide yesterday whether to lift the U.S. embargo on sales of arms to Turkey, in what is the second round of a major test for President Carter, who has argued that the arms ban has been counter-productive and damaged NATO, our Washington Staff writes. Last week, the Senate voted to lift the embargo, which Congress imposed nearly four years ago after the Turkish invasion of Cyprus, but made any revocation conditional of progress being made on a settlement in Cyprus. The vote in the House, which will consider an amendment similar to that which the Senate passed, was expected to be much closer. The pro-Greece (and anti-Turkey) lobby is tronger in the lower chamber

Quebec taxpayers receive surprise rebates

BY VICTOR MACKIE

OTTAWA, August 1.

QUEBEC TAXPAYERS began receiving unexpected $85 rebate cheques through the post this week with a message from the federal Government.

The rebates are the federal Government's method of paying Quebecers the money owed to them under the April budget of Mr. Jean Chretien, the Finance Minister. A provision in the budget cut sales taxes in Quebec but this was turned down by the Quebec Government and the province's taxpayers did not benefit from the move. As a result, Mr. Chretien has now resorted to sending out rebate cheques explaining that this is the money they would have received if the Quebec Government had accepted his budget proposals. All other nine provinces accepted the proposals.

Mr. Chretien's message included with the cheque said "the refusal of the Government of Quebec to participate in the national (budget) plan would have deprived the people of Quebec of the benefits of the federal budget."

"So as not to penalise the people of Quebec, Parliament has passed a law to compensate Quebecers for what they otherwise would have lost."

There was no immediate reaction from Quebec city where the Parti Quebecois Government has repeatedly said it would come up with some alternative method of ensuring that the Ottawa cash finds its way into provincial coffers.

The financial spokesman for the Progressive Conservative Opposition party in Parliament, Mr. Sinclair Stevens criticised Mr. Chretien today for the wording of his message. Mr. Chretien wanted Quebec to cut its retail sales taxes in order to be eligible for the federal reimbursement offered in his spring budget.

The Quebec Government refused. It was supported by the Opposition in the Canadian House of Commons and in the Quebec legislature. Quebec asked instead that Ottawa compensate Quebec so that the money would go into the Quebec coffers. Instead Ottawa has sent the money directly to the taxpayers.

In a separate development, it was announced that Macdonald Tobacco Inc. will move its senior officials out of Montreal to Toronto during the next 18 months. About 200 jobs will be affected.

Mr. R. C. Shropshire, chairman and chief executive officer, aid today that the company had difficulty attracting and holding management staff in Montreal in what he called a highly competitive market for consumer-packaged goods.

Mr. Shropshire backed away from discussing plans in terms of Quebec politics or the Quebec Government's controversial language legislation. "This is not a political decision, it is a business decision," he said

About 51 per cent of the company's customers are reported to be in the Toronto area. The Quebec market accounts for about 30 per cent of sales.

UNDEVELOPED RESOURCES IN MONTANA

The fight to save a 'tough paradise'

BY LISA MAECHLING

A HUNDRED years ago, Andrew Garcia described his travels in Montana as a tough trip through paradise. Today the mountains and grasslands of the state remain mostly uninhabited. Slightly smaller than California, it has a population of 760,000.

Until recently Montanans have been able to keep their distance from overcrowded cities and industrial pollution. But the development of vast, coal deposits in the northern plains and timber cutting in the mountains threatens to destroy the natural resources that have long been taken for granted.

There is thought to be 42bn tons of strippable coal in eastern Montana, most of it on federal property. The U.S. Government owns 29.6 per cent of the state as well as the subsurface mineral rights on land that has been either homesteaded or leased for agriculture.

Burlington Northern Railroad and the Indian reservations own most of the other coalfields. Because of this complex pattern of ownership, it has been difficult to regulate land use in the area. Nevertheless an unusual coalition of environmentalists, ranchers and Indians is attempting to protect their state from the coal and power operations.

Next to the Federal Government, Burlington Northern Railroad is the largest landlord in the state. In 1864 it obtained a patented claim for right-of-way on 20 alternate sections of 20 square miles each, nearly a sixth of the state. With the land came nearly 12bn tons of coal which Burlington Northern began to stripmine at its Rosebud coalfield in the 1920s. Now better known as Colstrip, the field is leased to Peabody Coal Company and Montana Power Company as the site for two 350-megawatt coal-fired power plants.

Last year the Northern Cheyenne Indians whose reservation lies just north of Colstrip, received a class 1 air designation from the Environmental Protection Agency. Under the state's Clean Air Act of 1972, the Indians prevented Montana Power from completing the construction of two 700-megawatt stations at Colstrip in June tihs year.

While the first battle was won over air pollution, the real ecological and economic issues in the plains concern the allocation of scarce water resources and the interpretation of the present laws governing mineral rights.

Until Montana passed the Surface Owner Consent Act of 1974, the railway and Government had rights of condemnation in order to recover coal on property where they had retained the subsurface rights. While private coal and utility companies are bound to comply with the new state law, the Federal Government which owns most of the coal is not subject to state regulation.

Unless Congress enacts new legislation to control stripmining, the Department of the Interior will continue to contract according to the Mineral Leasing Act of 1920. This statute originally applied to deepshaft and open pit mining. Since stripmining removes the overburden up to a

depth of 150 feet, the legality of the process remains at issue.

The Indian reservations which constitute 5.5 per cent of the state possess valuable mineral and water resources. As Mr. Ross Toole, a Montana historian, says: "They are beginning to think like Arabs."

The Blackfoot tribe whose territory borders on Glacier National Park, have sought advice from the Organisation of Petroleum Exporting Countries (OPEC), on the management of oil and gas deposits. In the north-west, the Flathead Indians lease the Kerr dam site on the Flathead River to Montana Power for $1m a year.

On the water issue, both tribes laim full rights to the Yellowstone and its tributaries because the Winters doctrine of 1908 guarantees them the beneficial use of water that runs through their lands. Since the average rainfall in Montana is only 12 inches a year, farmers also rely heavily on the river for irrigation.

The power companies in Colstrip could require an annual consumption of 12.6m acre feet from the Yellowstone. As the three-year moratorium on water allocation from the river comes to an end, the battle over water rights has been renewed among the various factions.

Similar problems surround the Government's forestry policies. About a quarter of Montana is woodland, of which 70 per cent is classified as commercial. The Federal Government manages 81 per cent of all timber areas including 9m acres in the national forests.

The standard method of retrieving timber is clearcutting. All the trees in an area are felled and the remaining slash is burned to prevent forest fires. More often than not the sites are not reseeded, leaving an eroded slope of burnt stumps and dead wood.

Once dominated by mining and railroad companies, the Montana legislature has emerged as one of the most liberal state governments in the West. In the past five years it has enacted a body of environmental law that puts federal standards to shame.

The state has had influential voices in Congress including the former Senate majority leader, Mike Mansfield. But Montana economists and environmentalists are sceptical of federal intervention. The state's pressure groups are determined that the state and not Washington will decide the future of the "Big Sky Country."

OVERSEAS NEWS

Yen soars on Japan market

By Robert Wood

TOKYO, August 1.

IN A market with few dollar buyers, the yen soared to 187.00-to-the-dollar soon after the official opening of Tokyo foreign exchange trading today. The quotation represented an increase of 8 per cent in the yen's value in the last seven trading sessions. In each of those sessions the yen has reached a new post-war record high.

Later in today's session, more dollar buyers came into the market, and the dollar stabilised at Y188.00, where it closed.

Traders said there was little or no intervention from the Bank of Japan. One Japanese banker said there is a suspicion that foreign traders are attempting to push the dollar to low levels in New York and London, sell dollars at those levels, and buy dollars back at higher levels in Tokyo when the Bank of Japan intervenes. Thus the bank is believed to be avoiding intervention for the moment.

Whatever foreign traders' motives, foreign banks were doing most of the trading today. Turnover was $523m.

The yen's rise led the Chief Cabinet Secretary Mr. Shintaro Abe, publicly to state that the Government would study whether to take new exchange-control measures. The Government was understood to be considering a ban on interest payments on non-residents' yen deposits in Japan and a shortening of the dollar credit terms that importers can accept.

The Bank of Japan announced today that Japan's official reserves of foreign currency increased by $2.035m in July to $29.366m, an all-time high. The increase was due to the bank's interventions in the last week of the month, which was the first week of the yen's current climb.

Despite the obvious lack of success of the Bank of Japan's interventions and the discussions of exchange controls, however, the Japanese generally continued to take the current rise in the yen's value much more calmly than they had taken earlier increases.

Lebanon Christians block army moves in the south

BY OUR FOREIGN STAFF

Attempts by the Lebanese Government to assert its authority over south Lebanon by despatching 500 soldiers supported by armour, were yesterday halted by Israeli-backed right-wingers who shelled them and erected roadblocks.

President Elias Sarkis said yesterday that Lebanon's bid to deploy regular troops of the army in the south, where right-wing Christians and Moslem left-wingers and Palestinians are in conflict, was the start of a move to restore sovereignty over "every inch of Lebanese territory."

Christian militiamen said yesterday that they were ready for a fight to the finish to prevent these Government units from moving into sectors under their control in the south. Officers from the United Nations forces in Lebanon (UNIFIL) and the Christian militia were involved in intensive negotiations to defuse the crisis which had occurred as a result of the Lebanese army brigade being prevented from passing through Christian villages.

The brigade was halted yesterday by Christian shelling at the village of Kawkaba, 40 kilometres north of the Israeli border. "If they try to come through Marjayoun by force, there will be a big war," said Mr. Francis Rizq, a spokesman for the south Lebanese Christians.

The UN has suggested that the Lebanese brigade should pass through the southernmost area on the network of UN patrol roads. These skirt the Christian villages without actually entering them. But the extent of mistrust is clear from Mr. Rizq's comment, speaking to reporters at a border crossing near the northern Israeli town of Metullah. He said that the Christians were "convinced more than ever that this so-called Lebanese force takes its orders from Damascus and Syrian officers and not from Beirut and the Lebanese Government." He added that the Christians would resist any attempt by the Syrians or the Lebanese army to close the border crossing points between Israel and Lebanon.

Iran admits six dead in rioting

By Andrew Whitley

TEHRAN, August 8.

AT LEAST six people have died and more than 300 were arrested during the wave of violent unrest in Iran over the past ten days. In the first, full-length official statement on the disturbances, today's newspapers say 13 cities, including Tehran and most major provincial centres, were affected.

It was the fifth wave of serious rioting this year, coming after two months of relative calm, and brought the official death toll to near 40. Unofficial estimates are far higher.

The latest trouble began after the deaths of two prominent religious leaders. Their funerals and mourning ceremonies provided the occasion for mosque-led agitation, in which banks, cinemas, liquor stores and official institutes provided the main targets. Slogans were shouted against the Shah and in support of his leading opponent, he exiled religious leader Ayatullah Khom Ini.

The official version of the clashes with police and troops says that two people died in Hamadan in the west, one in each of Shiraz, Rafsanjan and Jabrom in the south, and one in Mashad in the north-east, where the trouble first began.

Thousands of arrests have been made during the past nine months' disturbances, but it became clear today that most are being released after a spell in custody. Mr. Darius Homayoun, the Minister of Information, told journalists today that no more than 100 are awaiting trial on "anti-state" charges, which cover political offences as well as some acts of violence.

He said about 2,100 people were in jail for anti-state offences.

Mr. Homayoun rejected allegatins by the dissident Iranian Society for the Defence of Liberty and Human Rights that torture and the ill-treatment of political prisoners have increased.

Hawke steps down in Australia

CANBERRA, August 1.

MR. BOB HAWKE, the Australian trade union leader, stepped down here today as president of Australia's opposition Labor Party. He was replaced by Tasmanian Deputy Premier Neil Batt as chief of the Labor Party organisation.

Mr. Hawke, president of the Australian Council of Trade Unions, was elected Labor Party president five years ago. He did not stand for re-election at the party's national executive meeting, and there were no other nominations.

Mr. Hawke decided to give up the Labor Party presidency because of the demands of his trade union activities. Mr. Batt, 41, a former schoolteacher, was elected to Tasmania's state parliament in 1969, and has commitments to neither the Left nor Right-wing factions of the party.

Reuter

Surplus rises

JAPAN'S trade surplus in July exceeded the $2.95bn June surplus, Finance Ministry officials said.

They were unable to give firm figures.

The officials were talking to reporters after the announcement of a $2.03bn rise in the country's July external reserves to a record $29.37bn.

Reuter

Atherton's Egypt talks

CAIRO, August 1.

U.S. Special envoy Mr. Alfred Atherton has a final round of talks with Mr. Mohammed Ibrahim Kamel, the Foreign Minister, today to clarify Egypt's latest position on getting direct talks with Israel moving again.

Mr. Atherton leaves tomorrow for Jerusalem and one American official commented wryly: "We are sliding into a situation where we are holding negotiations about negotiations."

The Atherton-Kamel meeting follows an expression of deep disappointment by the U.S. at President Anwar Sadat's rejection of further direct talks unless Israel agrees to return all occupied Arab territories.

Egyptian officials made no comment on the American statement, but the semi-official newspaper Al-Ahram described it as strange the state department "must have misunderstood Egypt's position and as such its statement is disappointing," the newspaper said.

Reuter

France pressed on N-contract

By Simon Henderson

ISLAMABAD, August 1.

THE MILITARY ruler of Pakistan, General Zia-Ul-Haq, has sent a letter to President Giscard d'Estaing of France asking him to honour a contract to build a nuclear processing plant.

The letter was given to a French special envoy when he was in Pakistan for two weeks trying to persuade General Zia to change the original deal so that pure plutonium would not be a by-product. The French envoy is understood to have offered a series of alternatives, none of which pleased the Pakistan Government.

Ethiopian drive in Eritrea at vital stage

BY JAMES BUXTON

MAJOR BATTLES reported to be raging between Ethiopian forces and guerrillas in the heart of Eritrea yesterday could prove crucial to the future of the strategic Red Sea province.

A spokesman for one of the two main guerrilla organisations, the Eritrean Popular Liberation Front (EPLF) told Reuter in Rome: "Very heavy fighting is going on. The battles are very important." The fighting is taking place near the provincial capital, Asmara, which is surrounded by guerrilla forces.

In the past three weeks Ethiopian regular troops and militia, believed by reliable observers to number up to 200,000 men, have made extensive gains in a multi-pronged offensive against the guerrillas, who last year captured many of the major towns in Eritrea. The Ethiopians have recaptured the town of Tessenei in the west of Eritrea, close to the Sudanese border, and claim to have broken the siege of the nearby town of Barentu, where an Ethiopian garrison had been surrounded by forces of the other main guerrilla group, the Ethiopian Liberation Front (ELF) forces for about a year and a-half.

On the Red Sea coast of Eritrea, Ethiopian troops, relying heavily on supplies arriving by sea, claim to have driven the EPLF out of the port and naval base of Massawa, a large part of which they took over last December.

In central Eritrea, Ethiopian forces claim to have taken the towns of Adi Quala, Mandefera (also known as Adi Ugri) and Decamare, and to have linked up with forces defending the beseiged city of Asmara.

Informed observers believe that two key elements accountable for the Ethiopian advance are the force of their Soviet-supplied artillery, including BM-21 multiple rocket launchers and 140 mm guns, and the fact that the Eritrean guerrilla forces have been overstretched by their occupation of a large number of Eritrean towns.

They believe that the Soviet Union drew up the detailed plans for the Ethiopian offensive, but that Cuban troops, which played a major part in the Ethiopian offensive against the Somalis in the Ogaden this spring, are not involved in frontline fighting.

According to the EPLF major battles were under way yesterday near Mandefera, Decamare and Adi Teklai. An Ethiopian breakthrough in these battles could lead to the lifting of the siege of Asmara, which would be a major victory for the government forces.

The EPLF says that after defeats suffered by the ELF the brunt of the battle is now falling on them. Their spokesman in Rome said that the EPLF had no direct evidence that Cuban troops in Eritrea had joined the fighting.

THE WESTERN SAHARA

Fighting to reopen the desert mines

BY A SPECIAL CORRESPONDENT

A POLISARIO guerrilla attack last month against installations of the Phosboucraa phosphate mining company in Western Sahara has shown how difficult it will be for the company to carry out its declared plans to restart production at the long-idle Bou Craa mines.

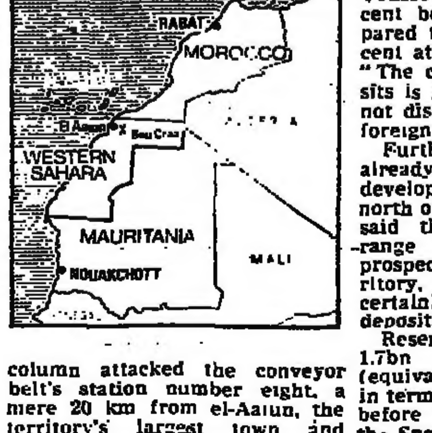
The mines are the main economic asset of the territory, which was divided between Morocco and Mauritania in 1976. They produced 5.6m tons of raw phosphate in 1975, but production ground to a standstill early in 1976 when Polisario guerrillas, who are fighting for Western Sahara's independence, cut off their power by felling some of the pylons which link Bou Craa to a power station 107 km away at the port of el-Aaiun.

The 100-km conveyor belt that takes the phosphate rock to a treatment plant at el-Aaiun has also been out of action since the beginning of 1976, when several of its sections and control stations were destroyed or damaged in guerrilla raids.

Mr. Larbi el-Omari, Phosboucraa's director, hopes that the company will resume production this month and start its conveyor belt again in October. He said that the company was repairing five sections of the rubber belt, totalling 5.5 kms, which have been burnt out in guerrilla attacks. Sabotaged electrical machinery in two of the 10 control stations is also being replaced.

According to officials at Bou Craa, 11 out of the 17 destroyed power pylons have already been replaced, and it will be possible to restore power to the mines sometime this month.

However, unless there is an end to the guerrilla war it is by no means certain that Phosboucraa will be able to resume production. Only last month a Polisario



column attacked the conveyor belt's station number eight, a mere 20 km from el-Aaiun, the territory's largest town and capital of the old Spanish colony.

Some observers have suggested that Morocco has been happy to see the mines lie idle at a time when the trough in world phosphate demand has cut into exports from Morocco's two non-Saharan mining centres at Khouribga and Youssoufia.

Morocco's phosphate exports fell from 18.7m tons (dry) in 1974, at the height of the world phosphate boom, to only 13.1m tons in 1975, 14.5m tons in 1976, and 15.7m tons last year, while prices have fallen from $68 a ton in 1975 to around $32 a ton now.

But Mr. el-Omari denies that the parastatal office Cherifien des Phosphates (OCP), which now has 65 per cent of phosboucraa's shares, has been happy to see Bou Craa shut down. "The grade of phosphate is higher at Bou Craa than at Khouribga and Youssoufia," he stressed—80 per cent bone phosphate lime compared to between 68 and 75 per cent at the two northern mines. "The configuration of the deposits is good, since the terrain is not disturbed and there is little foreign material," he added.

Furthermore, though the OCP already has ambitious plans to develop three major new mines north of the Sahara, Mr. El-Omari said that the OCP has long-range plans to begin further prospecting in the ex-Spanish territory, where there are almost certainly major phosphate deposits still to be found.

Reserves at Bou Craa total 1.7bn tons of raw phosphate (equivalent to around 900m tons in terms of dried phosphate) and before their departure in 1976, the Spaniards — whose Instituto Nacional de Indusrtia retains a 3-5 per cent holding in Phosboucraa — planned to double the 1975 production rates.

Western Sahara also has unexploited iron deposits of some 70m tons at Agracha, while the parastatal Bureau de Recherches et Participations Minieries (BRPM) believes that oil-shale deposits, which have been discovered in the Tartaya region north of the old Spanish-Moroccan border, extend into the ex-Spanish colony towards el Aaiun and Boujdour.

Meanwhile, Phillips Petroleum and BP have been granted seven offshore oil-prospection permits covering 35,000 sq kms off the Western Saharan coast between el Aaiun and Boujdour.

Of more immediate value, however to Morocco are Western Sahara's rich fishing waters. Resources of sardines, the cornerstone of Morocco's fishing industry, are far greater off Western Sahara than to the North.

Major infrastructural investments are planned, in some cases for political and military as much as economic reasons. Ports, roads, new water sources and a railway are among projects under way or on the drawing board—to assure the full settling down of the Tmathe population, facilitate military movement and integrate the territory with the Moroccan economy.

But, whatever Western Sahara's long-term economic prospects, the territory is today a drain on Morocco's strained resources. With spending on the security forces set at an unprecedented 4.3bn dirhams in the 1978 budget, partly because of the fight against Polisario, the drain is severe. It is especially so at a time when phosphate earnings are low, import prices are rising, the trade deficit is high (8.5bn dirhams in 1977 against 852m dirhams in 1974) and external public debt is increasing (15bn dirhams at the end of last year compared to 6.3bn dirhams in 1975).

WORLD TRADE NEWS

EEC steel plan comes under fire

By John Lloyd

SERIOUS SHORTCOMINGS have been revealed in the Davignon plan for protecting the steel industries of the European Community and a "more regular and more constraining functioning of the plan" was now being considered, according to Mr. Jacques Ferry, president of Eurofer, the European steel-makers club.

In an interview in the journal "Metal Bulletin," published yesterday, Mr. Ferry said that a major defect of the Davignon scheme—named after the EEC Industry Commissioner, Viscount Davignon—was that it included only those products covered by the European Coal and Steel Community treaty.

This left out the "first transformation products," like cold-rolled sheet, wire and tubes, where there was "savage" competition, and where the price relationships between these products and the basic ECSC products had been distorted. Mr. Ferry said that these products should be included within the Davignon plan, or it would fail.

Delivery quotas had also been set too high in relation to weak European demand, and lower delivery programmes for the fourth quarter of the year were now being considered.

Tighter Commission control over the steel companies would make it possible to move towards the general price levels set by the Council of Ministers last year.

The commission had prepared a document which estimated the demand in each product by 1980 and 1985. Each country was also preparing an inventory of capacity, and it was already clear that capacity would be well ahead of demand for the next five to eight years.

Mr. Ferry said that many steel makers now favoured an international steel agreement, and that the OECD steel committee could be the nucleus of such a development. A mechanism to moderate international competition should be set up, coupled with a "World Steel Code" to set penetration ceilings for imports.

US admits to 'violation of the spirit of GATT'

BY DAVID BUCHAN

WASHINGTON, August 1.

THE CONTINUED failure of the U.S. to make the imposition of countervailing duties on "subsidised" imports conditional on injury to domestic industry is in "clear violation of the spirit of the GATT agreement," a senior Treasury official admitted today.

Mr. Fred Bergsten, the Assistant Treasury Secretary, told a congressional sub-committee that this was an issue "of major importance for our trading partners, for the understandable and justifiable reasons." Unlike other countries, the U.S. does not attempt to prove damage to any of its domestic industries before imposing duties on what it considers to be unfairly subsidised imports—though injury tests are required in dumping investigations.

This is the furthest that any Administration official has gone in conceding that the U.S. is at fault on this issue. Mr. Bergsten said that the Carter Administration was prepared to ask Congress to write the requirement for injury tests into American countervailing duty law—an offer already made by the Chief U.S. Trade Negotiator, Mr. Robert Strauss — if other countries were willing to limit export subsidies in the current multilateral trade talks in Geneva.

But Mr. Bergsten made clear that the U.S. would still dispense with any injury test, if countries continued to grant subsidies which broke specific international commitments. As an example of these "illegal" subsidies, the Treasury official cited the credit recently given Pan American Airways by Britain to buy aircraft using Rolls-Royce engines.

The Administration is keen for speedy progress on the issue of subsidies, partly because its flexibility not to impose countervailing duties in certain cases will disappear next January, when the "waiver" clause in the 1974 Trade Act expires. Under this, Congress gave the Administration the right for a limited period not to take action against subsidised imports when such action might encourage retaliation or jeopardise negotiations with other countries. Under the waiver clause, some $300m worth of foreign imports have escaped countervailing duties.

Dell restates textiles pledge

BY RHYS DAVID

A FIRM restatement that Britain remains determined to see that the recent GATT Multi Fibre Arrangement bilateral agreements on textile imports are fully enforced has been given by Mr. Edmund Dell, Secretary for Trade, to the British Textile Confederation.

Mr. Dell, who yesterday met a deputation from the BTC to discuss the recent concession by the EEC Council of Ministers on Portuguese exports to the Community, also urged the industry to invest to take advantage of opportunities created by the new restrictions.

The industry delegation led by Mr. Ian MacArthur, the director of the BTC, had requested the meeting with Mr. Dell to express its regret at the UK's decision to lift the reserve it had placed last May on the Community agreement with Portugal.

The reserve had been placed following pressure from the UK industry which had pointed out that the increased access proposed for Portugal in a number of highly sensitive product areas would breach the ceilings laid down by the EEC itself for total imports of those products.

Mr. Dell is understood to have told the delegation yesterday that the Government did not regard the MFA as threatened by the new arrangements with Portugal and he pointed to two new assurances which he said had been obtained from the EEC.

These were that the Commission would take in future action when there was an imminent threat that ceilings would be exceeded rather than after the limit had been breached, as happened recently when restrictions were placed on imports of some products from Greece.

The Commission would take action, too, when there was a substantial increase in imports into the UK not previously covered by an agreement and where this was causing disruption.

Mr. Dell also replied to industry warnings that the confidence of the industry would be undermined if there were any further breaches. Giving the Government's assurance that it would continue to press the Commission to make sure the various agreements were adhered to, he said the British people would be expecting that with the unique degree of protection now accorded to textiles it would have the confidence to invest to supply the markets created by the restrictions.

HK office for B. Shipbuilders

By Ian Hargreaves

BRITISH SHIPBUILDERS has decided to open an office in Hong Kong in order to improve its marketing base in the critical Far East area.

This is the first full-time international office opened by the state corporation and follows a series of visits to Hong Kong in recent months by senior British Shipbuilders officials.

The corporation said yesterday that the move did not herald the establishment of a chain of worldwide marketing points, but reflected the importance attached to Hong Kong itself, where companies controlling 40m deadweight tons of shipping are based, and of Japan and Australasia.

Mr. Cyril Hudson, who has been in Hong Kong for eight years in the shipping, shipbroking and marine consultancy businesses, will be director of the office.

Mr. Hudson has a long-standing connection with the British shipbuilding industry and is a former Far East sales director of Upper Clyde Shipbuilders, the Clydeside yard now known as Govan and a part of British Shipbuilders.

Japan trade with China up 42% in first half year

BY ROBERT WOOD

TOKYO, August 1.

JAPAN'S TRADE with China increased 42.6 per cent in the first half of this year the Japanese Association for the Promotion of International Trade announced today. The association, which is a group of trading companies dealing with Communist nations, predicted even more dramatic gains in the second half.

The increase in the first six months was largely attributed to Japanese price increases—especially for steel and chemical fertilisers—caused by the yen's rise. The trade increase in yen terms was only 16.4 per cent. But exports of machinery showed a 270 per cent increase, and sales volume of other products was also higher.

Japan's exports to China in the first half totalled Y283.9bn, up 27.17 per cent from the same period of last year in yen terms. Imports totalled Y208.8bn, up 4.5 per cent. Both figures were records.

The first-half statistics show little of the effects of the Japan-China trade agreement negotiated early this year, which is expected to sharply increase Japan's sales of steel, other construction materials, and machinery. The trade association predicts that Japan's exports to China will total Y660bn and imports from China Y450bn in the second half. Both figures are more than double those for the first half. Equipment for several large-scale Chinese industrial plants is expected to be delivered in the second half.

Japan began to put increasing emphasis on the China market last year as import restrictions mounted in the West. The Japanese need for new markets virtually coincided with the Chinese regime's new emphasis on modernization.

Many Japanese also find the Chinese easier to deal with than Westerners, because Chinese and Japanese cultures have deep historical ties which sometimes lead to similar ways of thinking. Japanese-language technical literature is also easier for Chinese to read than Western material.

Although China is expected to continue to run a large trade deficit with Japan for several years because of her enormous need for steel and machinery, traders say her exports of oil and coal to Japan will rise substantially as the Japanese economy emerges from its recent recession and China's resources are further developed.

Swedes query U.S. position on arms sale

By John Walker

STOCKHOLM, August 1.

MR. STAFFAN BURENSTAM LINDER, the Swedish Minister for Trade, travels to Washington tomorrow where he will have talks with Mr. Cyrus Vance, the U.S. Minister for Foreign Trade. The main talking point is expected to be the question of Sweden exporting the Saab-Scania Viggen aircraft to India. The Viggen is powered by a modified version of the Pratt and Whitney jet engine and there are other American components in the aircraft.

Mr. Burenstam Linder will be seeking a clarification of the "unclear American rules" on export of Swedish weapons which incorporate American components. The U.S. Government has indicated that it will stop the sale of Viggen fighters to India. The Swedish Minister is reported to have said that he does not think the export of Viggen aircraft to India will change the sensitive position between India and Pakistan.

It is understood that the order for the Viggen for India would amount to about 20 aircraft.

OFFSHORE OIL OPPORTUNITIES

Offering UK expertise to the world

BY RAY DAFTER, ENERGY CORRESPONDENT

UNDETERRED BY the EEC Commission's investigations into its activities, the Offshore Supplies Office of the UK Department of Energy is continuing to comb the world for suitable markets for British oil equipment and service suppliers.

The Government agency has come under the Comimssion's spotlight because of its role in helping UK companies find work in the North Sea. In essence, the Office aims to ensure that oil companies give British suppliers a "full and fair" opportunity to compete for orders. There has been concern within the Government that international oil companies—particularly the seasoned U.S. groups—might automatically go to their traditional suppliers, usually American companies) without giving domestic companies a chance to compete.

The policy seems to be working, for the UK offshore supply industry's share of home orders has risen from 40 per cent in 1974 to over 62 per cent. Recent figures show that UK suppliers gained £806m of the £1.3bn worth of orders placed last year by oil operators working on the British Continental Shelf.

However, officials within the EEC Commission are concerned that the Offshore Supplies Office might have been "somewhat robust" in its application of the "full and fair" opportunity scheme. Hence the investigation to see if the Office has been putting undue pressure on oil companies to buy from UK companies.

Meanwhile, the Government agency is turning its attention overseas, to see what it can do to encourage British offshore suppliers to gain work outside the UK Continental Shelf area. In terms of turnover, the North Sea now accounts for about one third of the world's offshore supplies market, currently estimated to be worth well over £4bn and one likely to grow to £6bn in the early 1980s.

Many of the newer exploration areas — in South America, off Western Australia and in India, for example—will provide much of the growth for the offshore supplies industry when the North Sea development programme is past its peak.

This also accounts for OSO's most recent foray into one of the newest exploration regions: the Atlantic seaboard of the U.S. The oil industry's search for new reserves in this offshore area has just begun following the sale of leases on Georges Bank, off Boston, Massachusetts, Baltimore Canyon, off of Philadelphia, and the South East Georgia Embankment further to the south. The mid-Atlantic lease sales resulted in an initial industry expenditure of $1.2bn in accepted bids (twice as much as the maximum expected by the U.S. Department of the Interior) plus millions more on new shore bases and drilling rigs.

So far Continental Oil and Shell Oil have reported dry holes in Baltimore Canyon waters off the coast of Atlantic City, New Jersey in what is thought to be the most promising area. It was a disappointing start for total resources in the 1.25m acres associated with the initial three Atlantic sales are estimated to be between 830m and 2.93bn barrels of oil and between 5.5 and 19.7 trillion (million, million) cubic feet of gas.

However, Texaco recently confirmed that it had found traces of hydrocarbons on block 593 of Baltimore Canyon although it denied unofficial reports that it had made a major oil strike. It is all reminiscent of the early exploration days in the North Sea in the late 1960s and early 1970s, when there were many initial disappointments.

And there are other similarities between the Atlantic seaboard and the North Sea. The water depth in the Baltimore Canyon, for example, is between 130 and 600 feet which makes the drilling environment much more akin to the UK Continental Shelf than the traditional U.S. offshore oil area—the Gulf of Mexico. Furthermore, Baltimore Canyon lies between 47 and 92 miles offshore, presenting similar transportation problems as encountered by UK operators.

These points are being emphasised by the Offshore Supplies Office which, acting almost like a trade association, is endeavouring to encourage links between the UK offshore supply industry and U.S. companies which hope to be associated with Atlantic drilling and oil production.

Mr. Leonard Rea, Venture Manager with the OSO, said he was hoping, in particular, to create openings for UK service companies, such as catering organisations, and second, third and fourth tier engineering companies which had already gained experience in the North Sea. "We are pushing Britain as a leading nation in matters offshore," said Mr. Rea. While the big international engineering groups were well able to set up their own undertakings in new exploration areas there was a need to provide small U.S. engineering companies with offshore experience and expertise. This could be done through joint ventures. Mr. Rea said such co-operation could provide a boost for both UK exports and invisible earnings.

A number of cities and counties along the Eastern seaboard are showing interest in setting themselves up as supply bases for the offshore effort among them Salisbury in Maryland (in conjunction with Lewes, Delaware), Atlantic City, New Jersey, and Quonset Point, Rhode Island. "I have no doubt in my mind that Quonset Point could become a second Aberdeen," said Mr. Rea.

Later this year—starting September 17—a trade mission from the Greater Providence Chamber of Commerce, Rhode Island, will visit Aberdeen and other offshore centres to see what the UK has to offer. It could lead to the organisation of a much bigger mission next year.

Mr. Rea accepts that it may seem impertinent of the UK to sell oil expertise to the U.S. After all, the Americans regard themselves as the leaders in the world oil industry. However, it is pointed out that deep water exploration has bred its own special kind of technology much of which has been developed in the UK.

But there is another, less emphasised reason why businessmen and local Government officials might prefer to co-operate more with UK groups than the traditional Texan supply companies. For turbulent historic reasons there has never been a great love between the States on the eastern seaboard and those in the south.

Box — Exxon well:

Exxon plans to further deepen its Atlantic wildcat well, about 95 miles east of Atlantic City.

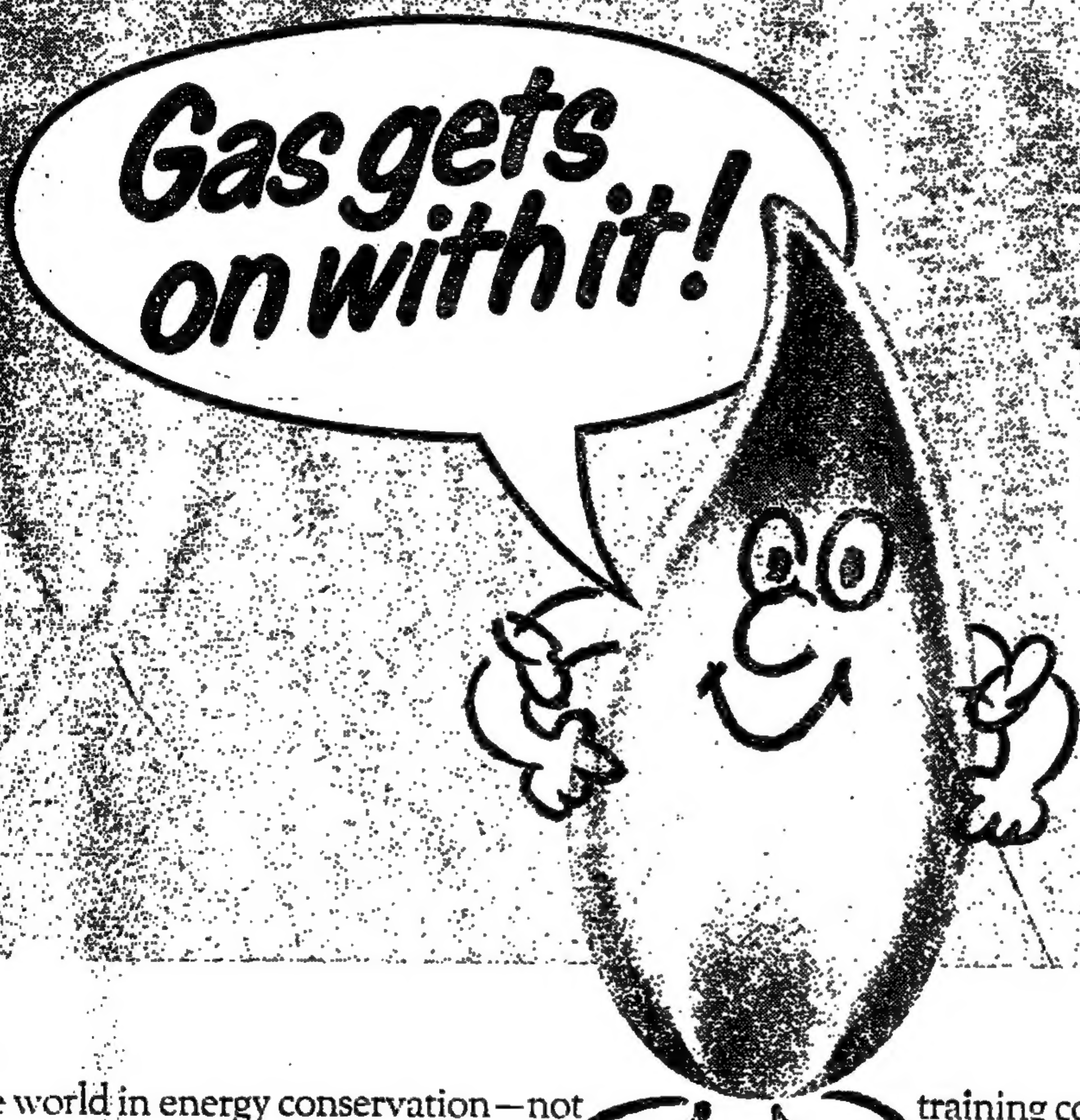
A spokesman for Exxon says approval has been received from the U.S. Geological Survey to drill as deep as 17,000 feet.

The Exxon well is the first wildcat on which drilling began in the Baltimore Canyon area of the mid-Atlantic. The well was initially planned for a target depth of 14,000 feet, but last week Exxon announced that it had decided to drill to 15,000 feet, and has already reached 14,900 feet.

The Exxon spokesman said the decision to deepen the well further should not be regarded as an indication of either positive or negative results to date.

هكذا من الاصل

There's a lot of talk about energy conservation.



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August car sales may be record

By Terry Dodsworth, Motor Industry Correspondent

CAR SALES this month are well set to equal and perhaps exceed the record figure of 234,300 units achieved in August 1973, according to preliminary estimates yesterday from the industry.

Some industry forecasters, notably at BL Cars, are predicting registrations well above this figure after the first official day's sales of the month which include a large element of deals concluded in July.

August is always a buoyant period for the industry because of the introduction of the new registration suffix for the year. But some dealers yesterday were reporting a much more active market than for some time.

Dutton-Forshaw, for example, the BL dealer for both the Austin Morris and Jaguar Rover Triumph range of cars, said its sales were up by at least 20 per cent on last August.

The main pointers to a record month lie in the reasonably good stock levels at BL and most of the importers, and the continuing evidence of improved demand this year.

After the 25 per cent increase *in registrations in the first six* months, last month has proved to be a little better than last year and there have been no signs of a levelling off in sales.

Japan's problems

Among the importers, Japanese manufacturers will be in the most difficult position because most of them are feeling the effects of the limitations on shipments being monitored by the Ministry of International Trade and Industry.

Their market share is expected to stay at about the same level as last year.

Continental producers generally have stocked up for the month in anticipation of a higher than usual proportion of private, as opposed to fleet, sales.

BL is believed to have more than 100,000 vehicles in stock, including 6,000 Minis which have been imported from its Seneffe plant in Belgium. According to unofficial estimates, the company improved its market share to *about 22 per cent last month, but* it is still anxious to expand. August will be a crucial month in its plans to contain its slide in the UK.

Ford, which achieved a share of more than 30 per cent last month, and so far has sold about 50,000 more cars this year than last, remains short of its best-selling Cortina model. Stocks are probably better this year than last, when its market share dropped to 18 per cent.

Botulism—the hazards canners face

BY SUE CAMERON

THE POISONING of four elderly people in Birmingham who ate a tin of John West salmon highlights some of the problems of ensuring that the processed food is free from contamination.

The bug responsible—clostridium botulinum—is dealt with by heat processing in the case of canned fish and by adding *nitrates to cooked meats.*

In the latest outbreak of botulism—the vicious food poisoning caused by botulinum—heat treatment seems to have failed. In the U.S. the use of nitrates to control botulinum is under suspicion for causing cancer. Next week the American health authorities are expected to introduce a complete ban on the use of nitrates as food preservatives.

John West, which imported the infected salmon from an Alaskan cannery in the U.S., is trying to recall the entire batch of 14,000 tins so that it can test for further signs of botulinum.

The company said yesterday that some of the tins in the batch had probably already been sold from shops and it was possible that others could have been exported.

John West, which is a Unilever subsidiary with a turnover of £50m, has not yet traced the particular cannery from which the contaminated tin came, but it expects to do so within the next day or so.

In treating tinned salmon the basic "botulinum cook" involved heating the salmon to 121 degrees C for three minutes under pressure. John West says its salmon is heated for 18 minutes which should be enough to kill off botulinum and a good many other dangerous organisms.

It is possible that the contaminated salmon somehow bypassed the heating process; or the machinery could have failed to operate correctly without the fault being noticed; certainly the normal checks do not seem to have been carried out successfully.

But botulinum is not found only in tinned fish. It also occurs in cooked meats such as bacon, hams and sausages. In the UK it is nitrates, not heat processes, which are used to inhibit the organisms development.

The question mark over nitrates is that there is some evidence they may cause cancer. The evidence has been found in the U.S., which admittedly seems to be paranoic about carcinogens. This is why the Americans are expected to ban the use of nitrates as food preservatives next week.

The banning order will be made under a law known as the Delaney amendment. This lays down that any substance which is found to cause cancer in humans or animals can be outlawed. What the Delaney amendment does not specify is the amount of a particular substance which has to be eaten before a significantly high incidence of cancer is observed.

If scientists pump a sufficient quantity of almost anything into a hapless rat they are likely to end up with a very ill rodent. At one point, for example, there were claims that saccharin could cause cancer. The claims were based on experiments with rats. But a human being would have to drink about 800 bottles of low calorie, saccharin lemonade before he would run the same risk of developing tumours as the laboratory rats.

The Delaney amendment is running into opposition in the U.S. and there are moves to have it altered to make it more specific. In the meantime, the ban on the use of nitrates as food preservatives could give botulinum a chance to flourish as never before.

Yet Dr. Basil Jarvis, of the British Food Manufacturing Industries Research Association, yesterday said that botulism was a far greater danger than the tiny risk of cancer associated with the use of *nitrates as food preservatives.* He pointed out that nitrates have not been found to cause cancer in humans—only in

What happens is that nitrates and nitrites can react with certain chemical compounds known as amines to produce nitrosamines and it is these that are under suspicion. But in the U.K. the risk is considered so small that there are no plans to ban nitrates—particularly as this could lead to the resurgence of botulism. Until this week's outbreak there had been no cases of botulism in the UK since 1955.

The public—in both the UK and the U.S.—tends to be extremely wary of chemical food additives and at present there is considerable emphasis on supposedly "natural foods." Yet it has been pointed out that the Borgias did extremely well out of "natural" poisons, and it is likely that the main risk of botulism in Britain today comes from ordinary domestic kitchens.

For these are not governed by the regulations to which all industrial food processing is subject. Yesterday the Consumer Association magazine, Which? issued a warning against the home bottling of fish and meats. It said that housewives should be particularly careful not to follow the bottling recipes being sold with certain types of preserving jars.

Government control of Nuclear Corporation resisted

COMPANIES INVOLVED in the nuclear power industry are intensifying their efforts to prevent the Government from taking control over the National Nuclear Corporation.

Lobbyings fuelled by the belief that a strategic decision on the future of the corporation will be made in the early autumn—unless pre-election paralysis overtakes discussions.

The argument has been put into sharper focus by Mr. Wedgwood Benn's recent indication that he would like the State to have 51 per cent control of the consortium.

Many of the companies involved believe that State control would result in a poor calibre of management and are anxious to preserve an independent structure.

However, the management and control of a future corporation are only two of a tangled set of issues which need to be resolved.

The other questions involve the role of the Central Electricity Generating Board as the monopoly customer, the position of the United Kingdom Atomic Energy Authority and the definition of power wielded by the Department of Energy and the Government.

Purpose

Lord Aldington, the Corporation's chairman, is believed to have told the Government that he thinks the question of control is less important than defining the purpose of the group.

He believes the basic terms of reference must be settled by the Government before he can go ahead with drawing up proposals for a new management structure.

The basic dilemma is whether the Corporation should be given responsibility for the complete design of nuclear power stations or only for the "nuclear island."

There is a strong view within the Corporation that since all parts of a power station are interdependent, the design and execution should be the complete responsibility of one body.

At the same time it is felt that the Central Electricity Generating Board with its very large design staff has effectively usurped some of the design functions which would be better carried out by the contractors.

On the other hand the Generating Board believes it has to keep very close tabs on the design of nuclear stations because ultimately it has to pay for any mistakes.

Willing

The current debate over the future of the Corporation was started when the General Electric Company, which has a 30 per cent shareholding, said it was willing to relinquish its management role. The other major shareholders are the United Kingdom Atomic Energy Authority, with 35 per cent, and a group of seven companies which form British Nuclear Associates with 35 per cent of the Corporation's equity.

These shareholders now have the task of agreeing a new management structure. The solution favoured by many of the companies in British Nuclear Associates would be to treat the Corporation like any other private sector company with its own board of management and executives.

However, the appointment of a chief executive is likely to be difficult until the wider political question of the future function of the Corporation has been settled.

It is thus faced with a chicken and egg problem because the Central Electricity Generating Board is reluctant to enter serious discussions about its own role in the planning of nuclear power stations until the basic constitution of the Corporation has been settled.

Uncertainty is compounded by the possibility that Mr. Benn and his advisers may not control the Department of Energy after October.

Even a different Labour Minister, it is thought, might have very different views from Mr. Benn, particularly about the questions of Government control and management.

Voluntary building jobs register agreed by Whitehall

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE GOVERNMENT has accepted the principle of a voluntary rather than statutory registration scheme to help stabilise employment in the construction industry.

The decision, announced yesterday by Mr. Reg Freeson, Minister for Housing and Construction, comes after more than a year of discussions between the industry and the Government. Construction leaders have fought hard against any form of statutory registration scheme and yesterday's move was seen as a victory for its campaign.

The Government's concern over the lack of secure work prospects within the construction industry was heightened by the abuses of "lump" labour, which now apparently has been effectively curbed by the 714 tax certificate scheme, and ways of improving the industry's employment performance have since been sought by Ministers.

Mr. Freeson said yesterday *that he looked forward* to a voluntary registration scheme being in operation by next summer. "The initiative lies with the industry."

Under the scheme, there will be three registers of employers to cover building, civil engineering and specialist sub-contractors.

The building and civil engineering registers will be set up and administered by the joint industrial councils for those sectors and the Construction Industry Manpower Board will be charged with finding an acceptable monitoring body for the sub-contractors

The registers will lay down codes of conduct for each sector of the industry, covering all aspects of policy affecting employment, and signatories to them will be obliged to abide by whatever disciplines are set out

The Government hopes that the result will be much greater security of employment in an industry which has had a record of wildly fluctuating manpower levels.

£85m aid to avert shipyard crisis

By Ian Hargreaves, Shipping Correspondent

DETAILS OF an £85m Government Shipbuilding Intervention Fund designed to help British yards win orders against lower-cost Far East yards were given yesterday by Mr. Gerald Kaufman, Industry Minister.

Mr. Kaufman said in a written Commons reply that the fund would allow a maximum subsidisation of 30 per cent of each contract price, although even this figure might be exceeded with the approval of the EEC Commission in special cases.

Asked what might constitute such a case, Mr Kaufman said that it could involve the placing of a desperately needed order in a modernised shipyard, whose future might otherwise be at risk.

The 30 per cent guideline is clearer than that applied to the £65m intervention fund which has been used to win orders in the past 16 months.

Although no official statement has ever been made on the outgoing fund, officials on most deals worked on the basis of a 25 per cent maximum.

But in some respects the Commission has tightened the constraints on the new fund, particularly by insisting on the right to review it after inspection of the British Shipbuilders Corporate plan at the end of this year.

Mr. Kaufman said that the £65m fund of which £57m has been committed, had been a great success. "Without it, merchant shipbuilding would probably already have collapsed on the Tyne and Wear."

The £57m had been used in attracting orders for 57 ships of 520,000 gross tons, equivalent to 25,000 man-years of work. These orders included 31 ships for foreign registration and 24 for British registration. Work had been shared more or less evenly between Scotland and the North East of England.

Since the first intervention fund was announced in February last year, price differentials between Far East yards and British yards for some types of vessel had widened to 50 per cent.

North Atlantic flights having good summer

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRLINES FLYING the North Atlantic are having one of their best summers ever, with the queues for cheap-fare Stand-By and Skytrain tickets representing only a small proportion of demand.

The cheap-fare queues are being generated because the scheduled airlines which would normally be able to cope are selling most of their available seats to passengers willing to pay higher rates in order to get home—especially to the U.S.

Load factors—the percentage of available seats sold—have been high since the summer season began on April 1, due entirely to demand from passengers paying normal rates.

The Stand-By rules permit a maximum of 2,450 seats a week to New York by all the airlines together—British Airways, Pan Am, Trans World, El Al, Air-India and Iran Air—but they are not obliged to offer that number of Stand-By seats, and do not have to offer any at all if they can sell them to passengers willing to pay more.

The Civil Aviation Authority said this week that Stand-By means what it says. "There are no guarantees of any kind, and those who go bargain-hunting must sometimes expect to be disappointed," it warned.

Some airlines have discovered that some passengers will start to queue for Stand-By seats and when they see there is no prospect of getting them, are prepared to pay higher fares for Economy Class tickets. British Airways found one party of six passengers who failed to get Stand-By seats willing to pay Concorde fares to New York to get home.

At the other end of the scale, however, there are now cases being reported of young Americans who had hoped to get quick Stand-By seats home but who are running out of cash because they have been obliged to wait several days.

The vast majority of passengers on the scheduled airlines are travelling on guaranteed tickets at higher fares—in some cases, for example where Budget Plan fares are concerned, they are paying the same rates as Stand-By, but because they gave advance notice of their intention to travel they gained guaranteed seats.

Figures issued by the International Air Transport Association show that all transatlantic *travel between Europe and North* America in the first four months of this year was up 13 per cent over a year ago, at over 2.3m passengers. Since April, this expansion has continued.

British Airways' flights to the U.S. have been running at over 90 per cent load factors in recent weeks, and most other airlines report similar situations.

Associated Engineering to axe more jobs as 800 are dismissed

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

ASSOCIATED ENGINEERING, one of Britain's leading motor component manufacturers, has cut its labour force by about 800 men during the last nine months, and expects to slim by another 200 by September.

All the redundancies have been achieved by voluntary or early retirement methods. Well over a third are connected with the decline in the tractor diesel engine market, with the rest coming from a continuing programme to improve efficiency and increase productivity.

By September, Associated Engineering's total workforce is expected to have dropped to 23,500.

The slimming programme illustrates the difficulties posed to the component manufacturers by the low level of demand in the UK vehicle production industry.

Although output picked up in the early months of the year, it has since slipped back and, in the first six months of 1978, both car and commercial vehicle production rose by only 3 per cent.

These problems have been exacerbated by the slump in tractor sales which have caused widespread redundancies in the Midlands, and a slower rate of expansion overseas than expected.

At the same time, however, Associated Engineering has been pursuing a vigorous policy of plant renewal in the last 18 months designed to improve efficiency.

The company specialises in manufacturing precision engine parts in which there has been a great deal of scope for additional automation over the last few years.

This programme has brought with it the requirement to shed jobs in a period of stagnant demand but it should give the company the flexibility to increase output fairly easily if the market expands.

No airliner decision for 3 weeks

By Michael Donne, Aerospace Correspondent

A DECISION by the UK Government on which new short-to-medium-range airliner project to support for the 1980s is not likely to be taken for at least three weeks

A progress report on the international discussions over recent months is going to the Cabinet today, following a meeting yesterday of the Cabinet's special sub-committee which has been studying the issue.

It was made clear in Westminster that the Government has not closed its mind on any of the three options, and that the decision could still swing one way or the other.

Although there are pressures from Europe for an early decision, the Government does not intend to be hurried in what it recognises as the major long-term strategic decision affecting a substantial proportion of the aerospace industry for the rest of this century.

Master plan urged for social services

BY PAUL TAYLOR

THE Royal Commission on the National Health Service should examine the implications of comprehensive planning for all the social services, say the authors of a research paper on resource allocation published today.

Suggestions for improving resource allocation and financial management in the Health Service are made in another research paper published by the Royal Commission.

Professor Rudolf Klein, of Bath University, and Mr. Martin Buxton, of the Policy Studies Institute, suggest in their paper that only a comprehensive planning approach to the Health Service, cutting across present divisions of responsibility and financing between central and *local government and the health* authorities, can ensure a balanced package of health and social provision.

They criticise the formula used by the Resource Allocation Working Party for determining policy, which they argue has a number of technical weaknesses.

The paper also suggests that if teaching hospitals are to be maintained "with a standard of excellence comparable with that set in much richer countries" there may be a case for making them a national responsibility.

Allocating Health Resources: A Commentary on the Report of the Resource Allocation Working Party, SO, 85p.

Management of Financial Resources in the National Health Service, SO, £4.

Fines for depositing rubbish

COMPANIES WHICH leave rubbish outside their premises may in future face fines of up to £100 if they refuse to place it in proper receptacles to await collection.

Under sections of the Control of Pollution Act, 1974, which came into force yesterday, local authorities in England and Wales can require businesses to provide receptacles where waste is regarded as a nuisance or detrimental to local amenities.

The powers are designed to ease problems such as the depositing on pavements of waste from shops, restaurants and work places.

Schools link with industry recommended

By Our Education Correspondent

THE SETTING-UP of liaison committees to improve relations between industry and schools has been recommended to local education authorities by Mrs. Shirley Williams, Secretary for Education and Science.

The committees could be formed to serve either one or a group of local authorities and meet regularly to promote better understanding and co-operation between educational institutions and the managements and trade unions of local concerns, said a Government circular, published yesterday.

The circular urged local education chiefs to review their arrangements for school-industry liaison, and to consider how youngsters' interest in "wealth-producing sectors of the economy" can be stimulated by courses of further and higher education.

'Squalid service' criticism

JETSAVE, the company which pioneered low-cost Atlantic travel under the Advanced Booking Charter system, yesterday criticised the Stand-By and Skytrain methods of offering cheap fares because of the "squalid and abject standards" they introduced.

Mr. Reg Pycroft, managing director and founder of Jetsave, whose company will carry 100,000 passengers across the Atlantic this year, said that the unruly scenes at Heathrow and sordid pavement-blocking queues in central London were the result of an international airline scramble to offer uneconomic low rates.

"The public knows it cannot last and appears to be prepared to lose its dignity in a stampede for seats which are often—particularly on scheduled services—not available in the first place," he said.

"These dismal scenes make me ashamed to be part of the transatlantic aviation scene. They are reminiscent of the situation in the late 1960s when thousands of travellers were held up at British airports when the so-called affinity group system became much abused by operators and travel organisers.

"To its credit, the British Civil Aviation Authority cleaned up that situation by devising Advance Booking Charters, which have operated successfully for the last five years.

"Jetsave alone has carried over 600,000 transatlantic passengers. We are carrying more people than ever before. While other charter operators are losing ground, Jetsave made a profit of £1.3m this year.

"We are already hearing noises from the major transatlantic scheduled carriers about increasing normal fares; and any informed person realises that they will rise considerably in 1979.

"Then, we may return to a saner situation in which the scheduled carriers will cater for a particular market at a higher fare level, and less expensive transatlantic air travel will be provided by charter companies in a civilised and reliable fashion," he added.

Barge scheme for Selby coal

BY LYNTON McLAIN, INDUSTRIAL STAFF

THE WATERWAYS BOARD has called for talks with the Central Electricity Generating Board, British Rail and the National Coal Board about sharing the transport of coal from the new Selby coalfield in Yorkshire

The coalfield is expected to reach peak production by the mid to late 1980s with up to 50,000 tons of coal being produced each day for transport by rail to local power stations. But the Waterways Board said yesterday there was a case for carrying more coal by canals, particularly the Aire and Calder Navigation.

This canal is already used by the Generating Board for transporting 1.2m tons of coal a year to Ferrybridge C power station.

The Waterways Board said yesterday that it wanted to set up a joint group to study a similar scheme for Selby using Fryston Basin on the Aire and Calder Navigation.

This would involve transfer of coal from trains to barges at Gasgoine Wood, the main terminal for Selby. The coal would then be reloaded on to trains and taken to the exising power station rail networks.

It would almost certainly add to the final cost of coal at the power stations, but detailed figures will not be available until the study group reports, perhaps next year.

Simpler estimates for MPs

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT will start to implement a major simplification of public expenditure control in the next financial year, starting in April.

This follows recent reports from the Commons Public Accounts and Expenditure Committees approving Treasury proposals for an assimilation of the supply estimates, submitted for Parliamentary approval each spring, with the cash limits.

The change was announced last night in a written answer by Mr. Joel Barnett, the Chief Secretary to the Treasury.

It will merge two parallel systems of control and will mean that Parliament will effectively vote the cash limits which have hitherto been applied only by administrative decision.

Under the new system the estimates, including those not cash limited, will be based as far as possible on a forecast of pay and prices at the time when the spending is to take place, so that they will provide for *the full intended cash cost during* the year ahead.

Up till now this has been the basis of cash limits, which were introduced in their present form in 1976-77.

But the Parliamentary supply estimates have been based on prices known at the time they were prepared, usually four to five months before the start of the financial year, so that numerous supplementary estimates have had to be presented to cover later price increases.

This will ensure that any supplementary estimates become more of a special event and that they are subject to closer Commons scrutiny than before.

The changes will be introduced as far as possible in the main estimates for 1979-80, to be presented to Parliament early next year.

Ferrous scrap exports up

Financial Times Reporter

EXPORTS of ferrous scrap will be a record this year if the first-half performance is maintained.

In only five years, the last time being 1972, has the volume of exports exceeded 1m tonnes. But, in the first half of the year alone, exports reached 773,700 tonnes.

Mr. John Wheatley, president of the British Scrap Federation, said yesterday that these exports had saved the industry from disaster because of the poor state of the home market.

Overseas earnings, at £27m in the first half, also looked like breaking last year's record £37m, unless there was a major upset in the market or renewed restriction on exports. World demand had improved slightly but was still far below the levels of 1974-75.

There had been a general rise in prices, with top-grade, heavy melting scrap fetching £38-£40 a tonne, compared with about £29 a tonne a year ago.

Presenting the federation's second-quarter figures, Mr. Wheatley said exporters would like more permanent licensing arrangements so that they could plan further ahead instead of living from hand to mouth. He wanted minimum export prices.

Workless 'will top 2m by 1982'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

UNEMPLOYMENT will rise above 2m by 1982, compared with 1.4m at present, if policies in Government expenditure and tax are maintained, according to a study by the Centre for Industrial, Economic and Business Research at Warwick University.

The forecast is one of the main conclusions of a pessimistic analysis of the future structure of employment in the UK, and of the scope for alternative policies.

The study covered a wide variety of individual sectors and occupations using a multi-sectoral macro-economic model.

The size of the unemployment problem is regarded as a consequence particularly of the modest medium-term growth of world trade and the "very significant" increase in the labour force.

The report suggests that North Sea oil permits some room for manoeuvre, especially as only moderate productivity growth is expected. Consequently it should be possible to hold registered unemployment down to about 1.5m through additional fiscal measures such as reductions in tax or increases in Government spending.

"In pursuing lower unemployment, however, the employment benefits of the tax reductions would be gained at a higher cost in terms of the balance of payments and the public sector deficit than would those which result from increases in direct Government consumption or social capital formation."

If the industrial strategy were to succeed in stimulating productivity gains akin to those in the 1960s and early 1970s, use of fiscal measures, subject to maintaining a satisfactory balance of payments position, would not prevent unemployment from rising over the medium term.

Trade measures such as devaluation and import controls would need to be substantial to keep unemployment at its recent level. "But without such measures it is clearly unrealistic to expect any improvement in Britain's unemployment situation over the medium term."

Among the structural findings from the report are that:

- Only through import controls would it be possible to increase engineering employment.
- Manual employment continues to decline regardless of the economic strategy pursued: *but there are likely to be* significant increases in certain semi-skilled occupations.
- The most rapid growth in employment is expected for highly qualified technical manpower, technicians and administrative and managerial jobs.

The report calls for a re-orientation of manpower policy through intervention on an even larger scale to provide higher levels of industrial training and work experience.

BATS may stop sponsorship

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITISH-AMERICAN Tobacco *said yesterday that it was will*ing to stop sponsoring atheletics events if the sport did not want to accept financial aid from a tobacco company.

The International Athletes Club—whose 600 members have represented Britain in international athletics events—took national newspaper advertising space yesterday to condemn the company's involvement in sport.

The club's advertisment described the advertising campaign backing its *sponsorship* of athletics as "a disgraceful and degrading abuse of our sport."

The sponsorship, worth up to £500,000 a season, involves a series of challenges for British sportsmen and women to achieve certain targets in big sporting events including the European games this month.

British-American Tobacco's UK operating company, BAT (UK and Export), said yesterday that the British Amateur Athletics Board was free to review the sponsorship. "We do not want to donate money against the will of the recipients."

The company sponsorship, aimed to coincide with its entry into the UK cigarette market with its State Express 555 brand, took the form of a series of challenges. The company challenges leading sportsmen and women to win certain events and competitions.

HOME NEWS

Bankrupt cases fall but average loss rises

FINANCIAL TIMES REPORTER

A 39 per cent fall in the numbers of personal and business failures last year from the previous year probably reflects a recent raising of the threshold limit for bankruptcy, the Department of Trade said yesterday.

Under the Insolvency Act, 1976, the minimum debt for which a person can be declared bankrupt was raised from £50 to £200m.

Figures published yesterday in the Department's Report on Bankruptcy for 1977 showed that there were 4,095 cases compared with 6,700 in 1976, and 82 Deeds of Arrangement compared with 96 in 1976.

The Department said: "These figures, which cover the first full year since monetary limits were increased, probably do not reflect fewer failures, but merely the new £20 limit.

"It is too early ye to make any full comment. We would have to examine figures for the next few years first."

The estimated liabilities in these failures in 1977 were £115m, nearly the same as in 1976, in spite of the reduced numbers. The estimated value of the assets in these failures was more than £19m, leaving an overall estimated deficiency of about £96m.

Out of every £1 of net assets realised in bankruptcy cases where the Official Receiver was trustee, 53.1p was spent on administration expenses, 16.3p was paid to preferential creditors and 30.6p was distributed among unsecured creditors.

The comparative figures where a non-official trustee was appointed were 43.6p, 13.3p and 43.1p.

The greatest number of business failures again occurred in the construction industry. They made up 986 of the 3,078 trading bankruptcies, with the industry's failures having a total deficiency of about £5m, representing an average of approximately £4,720 a case.

The largest bankruptcy case had estimated liabilities of £15m and there were 14 other cases each with liabilities over £1m.

Coal expected to go up faster than inflation

BY RAY DAFTER, ENERGY CORRESPONDENT

INDUSTRIAL AND commercial buyers of coal and electricity are likely to face price increases equivalent to at least an annual 10 per ent. until at least the middle of next year, according to a new report on industrial energy supplies.

Both coal and electricity prices are expected to rise at a rate slightly above the general level of inflation, says Cambridge Information and Research Services in its Energy for Industry and Commerce quarterly bulletin.

Oil and gas prices are expected to be more stable. In spite of squeezed profit margins in oil companies' refining and marketing activities, it is not expected that any product other than petrol will rise in price over the next few months.

The trend in heating-oil product prices, falling in real terms, is leading to a levelling-off in new gas contract price levels, says the bulletin. The price for gas contracts is geared largely to prices being quoted for gas oil and fuel oil sales.

Falling heavy fuel oil prices are also putting pressure on coal industry sales to power stations.

The report says of the repeated demand by the coal and electricity industries for a tax on gas sales: "Competition between gas and the combination of coal and electricity is largely confined to the domestic market sector and it seems unlikely that the Government will request British Gas to increase domestic tariffs at a time when the need to hold inflation and secure modest fourth-year pay settlements is crucial to its pre-election policies."

On future energy supplies, it is felt that in view of the lower rate of fuel demand growth than previously forecast there is unlikely to be a UK energy gap this century.

● Crude oil production of the Organisation of Petroleum Exporting Countries fell 9.1 per cent to 27.87m barrels a day in the first five months of this year as against the same period last year, according to the review Le Petrole et Le Gaz Arabes, published by the Arab Centre for Oil Studies in Paris.

PRICE TRENDS FOR LARGE INDUSTRIAL CUSTOMERS
(Pence per therm)

	Coal	Heavy Fuel Oil	Gas Oil	Gas	Electricity
1977 3rd Qtr.	8.8	13.3	18.2	9.3	49.1
1977 4th Qtr.	8.9	13.3	18.3	10.1	53.5
1978 1st Qtr. (prov.)	9.0	12.8	18.4	10.3	57.1
(Annual percentage change)					
1977 3rd Qtr.	25	29	19	38	15
1977 4th Qtr.	17	16	4	34	15
1978 1st Qtr. (prov.)	18	−1	6	21	14

Source: Dept. of Energy

Company profits rate increases to 10.4%

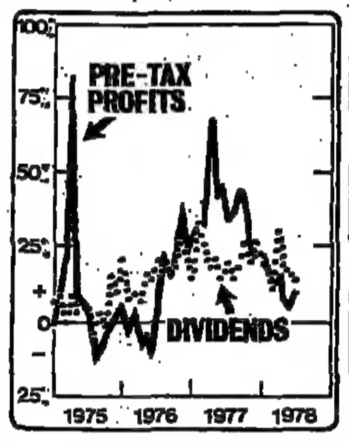
FINANCIAL TIMES REPORTER

THE RATE of profit increase over the comparable period a year ago in the 142 reports and accounts of industrial companies received last month picked up to 18.4 per cent. This compares with June's modest increase of 4.8 per cent, which is the smallest improvement so far this year.

John Brown and Racal Electronics recorded pre-tax profit gains of 81 and 52 per cent respectively, while De La Rue attained a near 16 per cent increase.

Dividend costs of the same 142 companies showed an increase of 13.8 per cent on those of a year earlier. This compares with a monthly average increase of 18.3 per cent over the first six months of the year.

Reed International, because of losses in its Canadian operations, opted to pay a reduced dividend of 8p net compared with the previous year's payment of 13p.



Deaths at work total 126 in three months

By Paul Taylor

THE FIRST quarterly statistical bulletin published yesterday by the Health and Safety Executive shows that in the first three months of this year 126 deaths and 82,670 injuries at work were recorded.

The bulletin also shows that the executive was notified of 16 cases of industrial disease, one fatal, during the same period.

The Executive issued 3,621 enforcement notices and conducted 383 prosecutions.

The accident figures are based on notified incidents which have led to absence from work for more than three days with the exception of accidents in quarries and mines, other than coal mines.

For the first time the statistics include accidents involving the 7m or 8m people who were covered by safety legislation with the passing of the 1974 Health and Safety at Work Act.

WORKING BRITAIN

Smokies are different kettle of fish

By Ray Perman, Scottish Correspondent

RAY PERMAN continues a summer series spotlighting areas and the products for which they are famous

On parade—rows of smokies at an Arbroath smokery.

ARBROATH SMOKIES are not a joke. They are enjoyable, certainly; amusing, perhaps; but things to be made fun of? Never. If any evidence was needed of how seriously the smokie is to be taken, then the experience of Mr. Harry Tawb should provide it.

Mr. Tawb is the Irish actor who plays the stage Englishman seen in beer advertisements mocking everything Scottish, but having to admit in the end that "your beer is good." He was pictured a few weeks ago in newspapers, glass in hand, under the caption: "Arbroath Smokies? They make me cough."

A piece of harmless fun you might think, but not to the smokers of Arbroath, a small, but proud band of men who daily breath the fumes that give their product its peculiar fragrance and flavour. They reacted strongly to the perceived slight.

In an effort to bridge the yawning chasm that opened between the Arbroath fish merchants and the brewery, Mr. Tawb was invited to taste smokies (for the first time) at the Cafe Royal, one of the discerning London restaurants which has fresh smokies on regular order. He pronounced them delicious and later added more praise when he journeyed north to visit the producers to make amends. Honour was finally restored when the brewery withdrew the offending advertisement.

The Arbroath merchants now admit that they over-reacted, but all's well that ends well: the brewery is well satisfied with the extra free publicity that the row attracted. Mr. Tawb's culinary range has been extended and the smokie is now a little better known than previously, a not insignificant gain for a delicacy which has yet to achieve even national recognition.

For, in spite of its long history and high reputation among the initiated, many people do not know what a smokie is, or what makes it unique.

A smokie is a fresh haddock in its prime, which is beheaded, cleaned, salted and then cooked quickly over a hot fire of oak or beech blocks. Although any fish can be smoked in the same way, others generally are not.

Herring, for example, which become kippers, or salmon, are cold smoked — hung much higher in the chimney over smouldering sawdust — a completely separate process that takes several hours, whereas a smokie can be ready in half an hour to an hour, depending on how quickly the fire draws.

Hot smoking gives the white flesh of the haddock a delicate golden bloom and a subtle smoked flavour. Because it is cooked rather than cured, it can be eaten without further cooking and, as they will tell you in Arbroath, there is no finer way to taste a smokie than straight from the fire — or "off the barrel" as they say in the trade.

But it is not only the unique process that makes smokies so good. It is also the fact that the fish are very fresh when they are cooked. Mostly, the men who smoke the fish do so in their own backyards in the few streets around Arbroath harbour.

They buy their raw materials at the quayside as soon as the boats come in. A pair of smokies bought from one of these merchants will have been swimming in the sea a few hours previously.

The craft of smoking has remained virtually unchanged for centuries and is still essentially a cottage industry. The few large merchants such as Mr. Robert Spink, who runs a family business close to the harbour, still take a pride in carrying on eschewing any move towards the factory-made kilns now widely used in herring smoking.

Mr. Spink's company employs about 20 people and produces about two-and-a-half tons of smokies a week. Most are sold locally, but some are sent to London and a few dispersed more widely through an organisation that posts good food to gourmets. But such sophisticated distribution is rare.

Most smokers sell their fish directly to the public, either at the door or from a van. Maurice Scott, secretary of the Arbroath Fish Merchants' Association, started his twice weekly journeys to Stirling and Perthshire villages in the early 1960s when Dr. Beeching was cutting rural railway lines.

"I got out the map and looked for the places that would be cut off from towns with fish shops. I've been going regularly ever since and in some cases I am on to my second generation of customers."

Everyone in the industry has his own smokies story, Mr. Scott adds. He has several, all ending in a glowing testimonial for the quality of the product, for it is a characteristic of smokie manufacturers that they are intensely loyal to the fish.

"If everyone ate as much fish as I do, I would be a rich man," says Mr. Spink.

The last few years has seen the industry move from strength to strength. Employment in almost all trades associated with fishing in Arbroath has increased; investment in new boats and new plant ashore has been high and the supply of fish has been plentiful.

In the first six months of this year landings were up by 26 per cent in weight and 59 per cent in value on the same period last year. And, on the retail side, demand for both the fresh and the smoked product has been good.

Yet, in spite of this happy past, a spectre haunts the smokie producers about the future: it is the fear that haddock, like the herring, might become overfished with the result that the fishing grounds have to be closed to enable the species to recover.

There is not as much capital investment in haddock smoking as there is in the herring industry—often ovens are home built—but the livelihoods of those involved depend absolutely on the continued supply of fish.

So all eyes are on the European commission and the council of ministers, waiting and hoping for a favourable agreement on the common fishing policy that will safeguard the haddock grounds for the Arbroath boats.

Mr. John Silkin, Britain's Agricultural Minister, is the hero for his tough-talking chauvanism and the villain is Mr. Finn Gundelach, partly because he is the commissioner responsible for fishing and partly because he is a Dane.

"We make good fresh haddock into smokies for people to enjoy," says Mr. Scott. "But the Danes catch them, make, make them into meal and feed them to their pigs . . . and we buy their bacon! We must be mad."

Many jokes are made about the EEC. "After the referendum result that we should stay in, I wrote to the papers saying that we should not worry too much, that life would go on just as it did under Stalin in Russia," Mr. Scott says.

But, joking aside, there is an obvious and genuine concern among the men who maintain this small and fragile industry that one day someone will make a decision which will lead to it being swept away, and their small voice will not be able to prevent that happening."

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Volumes of data in a tiny space

MANY COMPANIES in electronics and computing have for years sought methods of storing vast amounts of information on smaller and smaller pieces of suitable media, with as fast a retrieval as possible—among them Plessey and Honeywell—and they have tested several approaches involving holographic films and laser write/read techniques on other materials.

Now IBM scientists at the San Jose laboratories have sought and obtained a patent covering a new approach to storage of vast amounts of data in a small space, based on the use of a tunable dye laser (also an IBM invention) acting on light-sensitive chemicals held in an inert carrier.

The striking aspect of the invention is the compactness with which information can be stored since each unit of data is identified both by its location in the light frequency spectrum—and the laser can be tuned through some 1000 wavelengths—and by its position in two or three-dimensional space.

Many such data units could be stored in a very small volume of space—of the order of one micrometre or one twentyfive thousandth of an inch in diameter. And it is anticipated that it will be possible to prepare media in which will have 100m sensitive elements per square centimetre, each capable of storing 1000 items of data. In other words, 1000 bn bits of information, which is generally estimated to represent the amount of data held by the human brain, could be contained in one square metre of active material.

Sensitive material is held in tubes of frozen organic liquids held at very low temperatures.

The molecules of the material, struck by light of a given wavelength, change chemically and form a gap or "hole" at the absorption peak of the material corresponding to the wavelength used, hence the name given to the process of hole burning.

The research team was able to burn a hole less than one-thousandth the width of the absorption peak and anticipates that it should be possible to burn 1,000 of these imprints side by side at the peak.

Ones and zeroes in which digital information is encoded could thus be represented by the presence or absence of holes in the peaks at various frequencies.

Reading would be done by dropping the laser power and scanning through the frequencies.

The research team indicates that work is at an early stage and that there is a long way to go before it can be turned into a technology. There are many problems to be resolved, not the least seeking reasons for the failure of other optical methods of storage from reaching the commercial stage.

Several types of storage materials are being studied and the process needs to be conducted at temperatures close to absolute zero.

It took IBM some six years to bring work on Josephson ultrafast switching effect to potential commercial use. This multi-level laser storage process could take as long, but could be of much greater significance.

IBM Research Division, POB 218, Yorktown Heights, New York 10598, U.S.

● PROCESSING

Cleans and phosphates in one

DEVELOPED in the U.S. by Diamond Shamrock Corporation and available in this country from Croftshaw (Solvents) is a process called Cool-Phos which allows iron and steel to be degreased, as in conventional vapour degreasing systems while at the same time applying a protective phosphate coating.

The solution used is methylene chloride containing phosphoric acid and some additives.

Machines used are similar to vapour degreasing equipment. Work enters the vapour zone from above and is immediately flushed with solvent but, unlike vapour degreasing the work must be dipped into or sprayed with the solution for phosphating to occur.

When lightly soiled work is involved the degreasing and phosphating may be carried out in the same unit, otherwise two steps are recommended.

More from the company at Oldstead Road, Bromley, Kent BR1 5RX (01-698 5556).

● MATERIALS

Protection from bad weather

PRODUCTION of a new material for outdoor and industrial protective clothing has been started at the Salford, Manchester, factory of British Vita.

The company has called it Vitatherm and says that it consists of an outer layer of polyurethane coated nylon, and an inner layer of polyurethane foam lined with nylon fabric.

The outer layer makes it both waterproof and windproof, while the bonded inner layer of foam gives good thermal insulation. During make-up of garments, seams can be high frequency welded.

Garments made from Vitatherm weigh very little and they can be washed or dry cleaned in all the usual solvents.

Details of this material for which patents have been applied, can be obtained from British Vita on 061-653 6800.

● SAFETY & SECURITY

Sprays fire with powder

LAUNCHED by Clinicon (Fire Protection) of Sunbury-on-Thames is a fully-automatic dry chemical powder installation which the company claims has a number of advantages when compared with its direct water equivalent, the sprinkler system.

According to the usual zoning arrangements, several cabinets, floor-or wall-mounted, are placed around the edges of the total area to be protected and are linked to smoke detectors in the ceiling and to an indication panel.

Each cabinet has a reservoir of powder which, as soon as the alarm is raised, is driven by compressed carbon dioxide through six nozzles at various heights from the ground, directed to cover that zone and partially cover the two adjacent ones. Discharge takes only two or three seconds but the powder remains in suspension in the air for up to 10 minutes.

The powder is normally extremely finely divided sodium bicarbonate with additives to keep it dry and make it flow well. For specific risks other powders can be provided.

Provided that the fire has not reached serious proportions, combustion will be stopped, claims the company, by the combined action of oxygen exclusion, interruption of physical flame mechanisms, and heat extraction.

A primary advantage is the absence of water damage, bearing in mind that there are cases where this proves more costly than the fire itself. Clearing up afterwards is only a matter of vacuum cleaning.

It is claimed that the suspended powder is not harmful and that the cost of installing such a system can be up to 50 per cent less than the equivalent sprinkler system.

More from the company at Lincoln Way, Windmill Road, Sunbury-on-Thames, Middlesex TW16 7HN (Sunbury 87411).

Aids rescue of divers

SHORTLY AFTER an announcement from Seaforth Maritime and the NRDC on the proposed development of a divers' lifeboat, a statement from Fuglesang of London indicates that its Norwegian principal Harding A/S has tackled the problem by converting its existing enclosed lifeboat.

Orders have already been received and the first production boats will be delivered later this year.

A serious situation can arise on North Sea oil and gas platforms where the weight of the decompression chamber (in which the divers may have to remain for days) prevents it from being lifted off quickly in the event of a fire or blow-out.

Harding's craft, called Rescue Mate, is a modified glass fibre reinforced lifeboat in which a steel decompression chamber has been installed. The chamber has two mating flanges, one at the bottom for connection to a transfer tunnel from the main chamber and another at the top for mating with secondary rescue devices such as airborne one-man chambers.

The boat can move at five knots and can be dropped though three metres without serious damage. Length overall is 8.12 m and the weight is 9.5 tonnes.

There is sitting space for eight people in the chamber itself and equipment is provided for gas maintenance, communications, internal firefighting and sanitary purposes. A medical air lock is built into one end for the supply of consumables.

More from Norway House, 21 Cockspur Street, London SW1Y 5BN (01-930 1485).

Shreds and bales documents

COMPLETE SECURITY is often essential in the disposal of general waste, documents and continuous computer print out in offices. To meet these requirement, a combined shredding machine and baling press, the Balemaster-Shredder, has been introduced by Portable Balers, Summit Works, Smith Street, Hockley, Birmingham, B19 3EW (021-554 7421).

Paper for disposal is automatically shredded into thin strips about ¼ inch wide and falls directly into the baling chamber of the push-button operated press.

The system is said to be ideal for the destruction of continuous computer paper, using a feeding tray. Alternatively, loose sheets of paper or card can be fed into the shredder by hand.

● HANDLING

No need for slings

ADDITIONS to its range of lifting magnets have been introduced by GEC Witton Kramer, PO Box 501, Electric Avenue, Witton, Birmingham, B6 7JP (021-327 3241).

The latest magnets are in 175, 350 and 500 mm diameter versions and are said to extend the range of ultimate lifting forces to between 700 and 19,000 kgf (figures based on lifting smooth surface steel slabs). The magnets may be used singly or in clusters, depending on the weight and flexibility of the materials being handled.

Once energised in contact with the load, the magnets operate completely independent of the mains supply. Use of magnets of this type in the workshop can obviate damage that might be caused by slings and chains.

Will pump abrasive liquids

DELASCO Z peristaltic pumps, marketed in the UK by Alpha Technical Services, are available with the tube in an abrasion-resistant rubber compound as an alternative to the standard Neoprene.

Tubes in the new rubber compound will have particular applications in situations where an exceptionally high abrasion resistance is of greater importance than the corrosion-resisting properties afforded by Neoprene.

Tests to prove the effectiveness of the new tubing have been carried out over the past 12 months at selected installations where Delasco pumps were in continuous use. Results indicate that the life of the new tube is aprpoximately three times greater than that of Neoprene under conditions of extreme abrasion.

Typical applications tested were the re-circulation of quartz particles in water; the addition of chalk-lime solution in water treatment plant, where the minimum life of the new tubing was three months; and for the pumping of slip in a ceramic works, where over 1,000 working hours were achieved between tube changes.

Alpha Technical is at Altec House, Brigade Close, Harrow, Middlesex, HA2 0NW. 01-422 3400.

Straps and seals the package

HAND STRAPPING equipment, incorporating a magazine which contains a supply of pre-formed metallic seals to secure the strapping material around a package or bundle, is offered by Pakseal Industries.

Made from alloy, and very light to handle, the PMT.13 is extremely simple to operate. After placing the strapping loosely around the bundle or pack, the overlapping portion of strap is engaged in a gripper device in the band tool. A ratchet handle is then operated to provide fully controlled tensioning of the strap around the package. A second handle is moved forward to deposit a metal seal from the magazine of the tool, and the same handle pulled backwards to crimp the seal around the strapping and effect a strong and positive closure of the pack.

It eliminates seal loss and wastage sometimes experienced by operators of conventional "loose seal" hand strappers, and can also provide considerably higher strapping rates.

Pakseal, Cordwallis Estate, Maidenhead, Berks. Maidenhead 28381.

● POLLUTION

Measures amount of oil in water

PUT ON the market by ITT Controls is the Oilcon monitoring system designed to monitor the degrees of oil pollution in water.

The unit fulfils the requirements of the 1973 Inter-Governmental Maritime Consultative Organisation (IMCO) convention for "The Prevention of Oil Pollution from Ships." It has also received Department of Trade certificates in the U.K.

Laser light sources and fibre optics are used in "scatter cells" installed in the ship and the basis of the measurement is the scattering of light by small oil particles in the water (down to two microns).

Oilcon will measure over the complete range of the IMCO limitations, from 1,000 parts per million for ballast down to 15 ppm for engine room bilge water discharge in coastal waters.

Oil-in-water measurements can be printed out on a sealed chart recorder which officials can inspect at any time—either to justify complaints or prove the innocence of the ship's captain. The instruments can also be made to switch off pumps or sound alarms if critical levels are exceeded.

Oilcon can also be combined with an oil and water separation system in which the oil is kept on board in a tank and clean water only is pumped overboard.

The monitors are robust, accurate, respond quickly and are not sensitive to different grades of oil. Simple to operate, the are proofed for installation in hazardous areas and are suitable for use in unmanned engine rooms.

More from the company at Springfield Road, Hayes, Middlesex (01-573 5131).

● MINING

Powered by nitrogen

SAFETY in mining operations can be improved and atmospheric pollution considerably reduced through the adoption of a method of providing pneumatic power under ground pioneered by the Mining Research and Development Establishment of the National Coal Board with the collaboration of British Oxygen.

Power packs have been developed by Laird (Anglesey) and Thor Cryogenics working with the NCB and extensive trials have been carried out in the South Midlands area.

The upshot of the development is that NCB has signed up with BOC for the latter's Cyrospeed small-scale liquid nitrogen delivery service.

Trials showed that the power packs could save many man-hours and reduce materials consumption in jobs such as drilling, cutting and picking and that they could also carry out a number of tasks hitherto thought impossible.

At the same time, small back-pack versions of the nitrogen-driven equipment could be used for rescue work.

More specifically, it is thought that each tankful of nitrogen—which costs £50 and lasts six shifts—could save about 40 man-hours. The power packs cost some £5,000, but have no moving parts other than valves and thus need very little maintenance.

Energy capacity of the 230 litre pack is 3.4 kWh and maximum continuous gas flow rate is 2.8 cubic metres/minute.

Further data is available from British Oxygen at Hammersmith House, London, W6 9DX. 01-560 5166. Laird is at Beaumaris LL58 8HY, Anglesey and Thor at Henley Road, Berinsfield, Oxon.

● INSTRUMENTS

New option recorders

THREE NEW Miniprint strip chart recorders, having a patented cassette to take either fan-fold or roll-paper, are coming from Honeywell.

The family includes a six-point dotted line recorder with up to three independent ranges, plus one- and two-pen continuous trace recorders with fully independent measuring circuits.

Miniprints can receive direct input from thermocouples and resistance thermometers or normalised signals from any transmitter, which may be fixed in many different combinations. The recorders employ a quality plastic film potentiometer to ensure linearity, stability and resistance to wear. The high torque stepping motor offsets mechanical friction, has longer life and requires less maintenance than a conventional DC motor.

Servicing has been simplified by the location of all functional parts in the plug-in chassis, which can be removed without touching the user's wiring.

Honeywell House, Charles Square, Bracknell, Berks., RG12 1EB (0344 24555).

● METALWORKING

Breaking up the slag

SAFETY AND comfort in maintenance operations around large metal plants—steelworks, aluminium smelters and the like—can be greatly improved with a boom impactor of a new design, based by Mindev on the equipment originally built against a requirement from British Steel for breaking out slag and brick lining from the torpedoes used to transport molten steel.

This last equipment has performed exceptionally well and has permitted the deslagging job time to be reduced from three weeks to 15 hours.

In the new unit, boom and power pack are mounted on the crawler tractor base originally adopted for its forerunner, the M90.

The impactor has been designed to be fitted with a series of ancillary tools, broadening the number of tasks it can be called on to perform.

These tools are mounted on an extension of the slide mast in two split bearing housings, their shapes simplifying the task of splitting and separating adjacent surfaces when a blow is applied to the tool.

Operations could include breaking out dross in aluminium works crucibles and smelter pots, while for even greater accuracy in working, an impactor of lower power such as the Krupp HM100 can be used.

Prime mover can be an electric or a diesel motor with identical hydraulics.

The device, in each case, is extremely compact and both units can be remotely controlled via an umbilical. This means operators suffer far less exposure to dusts, including silica dust.

Normally the Krupp HM200 impactor with ability to deliver 600 blows/minute with an energy of 573 ft/lb per blow would be provided with the Ingersoll Rand G500 as an alternative.

Further details of the new equipment, which has already been ordered for a Czech steelworks, from Mining Developments, Horwich, Bolton BL6 5HN, Bolton 68521.

Ruling on special advisers

By Rupert Cornwell, Lobby Staff

SPECIAL ADVISERS appointed by Ministers will remain outside the control of the Civil Service Commissioners, but the Government intends to tighten the Commissioners' say over recruitment to the Home Civil Service and the Diplomatic Service.

This was made clear in a Commons written answer last night by Mr. Charles Morris, Minister of State at the Civil Service Department. All appointments, other than casual ones for up to 12 months and those linked to the life of a Government, will need certification by the Commissioners.

Much uncertainty has been caused by doubts about whether such advisers, increasingly taken on by Ministers, are technically "permanent" staff.

The Commissioners, said Mr. Morris, have concluded that those who stay is related to the life of a particular administration are not permanent—even if a series of such appointments exceeds five years.

In the past, the Commissioners have worked on the basis that the term of five years or more was permanent. But legal advice suggests that any job which might end before pensionable age might not be construed as permanent in the courts.

At present, Ministers are limited to two advisers per head, but the Government has intimated that this figure could be altered.

Double taxation deal to end

THE GOVERNMENT has decided to end an agreement with Canada on death duties double taxation.

In a Commons written answer Mr. Denzil Davies, Treasury Minister of State, said the Government had given written notice that it intended to terminate, with effect from September 30 this year, the agreement between the UK and Canada for the avoidance of double taxation and prevention of fiscal evasion with respect to duties on the estates of deceased persons.

Press charter delay attacked

THE GOVERNMENT'S delay in producing a draft Press charter was attacked in the Commons yesterday by Mr. Geoffrey Dodsworth (C Hertfordshire SW).

He said it was a matter of "grave regret and concern" to many people that there had been no positive expression of opinion from the Government on the issue.

Mr. Harold Walker, Employment Minister of State, told him that the Government was still committed to lay a charter before Parliament, but he gave no indication of when this would be done.

Peers accept parking move

THE RIGHT of county and regional councils to licence off street parking, which peers threw out of the Government's Transport Bill, has now been restored.

MPs put the powers back into the legislation on Monday and, last night the Lords accepted it. The peers also decided not to insist on their other amendments, and the Bill is expected to receive Royal Assent today.

Labour MPs angry over Tory poster

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRE-ELECTION atmosphere was heightened in the Commons yesterday with the Prime Minister claiming that the return of a Tory Government would mean the abolition of grants and subsidies to industry and 425,000 more people out of work.

Mrs. Margaret Thatcher, Conservative leader, concentrated her attack on local authority housing and tried to trap Mr. Callaghan into admitting that a Labour Government would stop people buying their own council houses at a discount.

With the summer recess only two days away, the shadow of Saatchi and Saatchi, the advertising agency, which has launched a £2m campaign for the Conservatives, loomed behind many of the exchanges.

During questions to the Prime Minister and to Mr. Albert Booth, Employment Secretary, Government backbenchers poured scorn on the nationwide poster campaign. This shows what is claimed to be a dole queue but which, according to Labour critics, is really made up of Saatchi and Saatchi employees.

Much of Labour's hostility was inspired by an awareness that their own party is short of cash to spend on an effective counter-attack.

Sensing sour grapes on the part of the Government, Mr. James Prior, Conservative employment spokesman, gleefully endorsed the poster as "an excellent advert."

Mrs. Thatcher wanted to know whether the Prime Minister agreed with Labour's national executive that it should be made harder for council tenants to buy their own homes.

The Prime Minister retorted: "It depends on the circumstances. Where there are enough council houses, it is the party's and the Government's policy that they should be sold. Where there are not enough, they should be retained."

To the accompaniment of roars from Tory backbenchers, Mrs. Thatcher returned to the attack, demanding to know whether Mr. Callaghan thought that council houses should continue to be sold at a discount.

The Prime Minister, however, stuck to his original answer. It all depended on the circumstances, he said.

Mr. David Atkinson (C., Bournemouth E.), challenged him to say whether Labour's manifesto would be "Marxist-inspired" and based on Labour's Programme '76 which the Prime Minister described as "the total sum of all our hopes."

Mr. Callaghan replied that the Conservatives seemed to have made certain assumptions about an election and had launched a £2m advertising programme unprecedented in British history, with which to beguile the public.

He added: "I only hope that those firms—breweries and others—who are contributing by giving up their poster sites, will declare themselves so that we shall know what benefits they hope to get from the Conservative Party."

There were raucous jeers from the Labour benches as Mr. Robert Adley (C., Christchurch and Lymington) raised a spectre of "extreme Left wingers, Marxists and Trotskyists" infiltrating the Labour Party. He saw proof of this in the choice of former Communist, Jimmy Reid as Labour candidate for Dundee East.

But Mr. Callaghan denounced this as "a McCarthrite smear" which might lead people to ask about former Communists now employed at the Conservative Centre for Political Studies.

Encouraged by his backbenchers, Mr. Callaghan maintained that if Tory policies came into operation, there would be 19,000 more unemployed in Dundee and 425,000 in the country as a whole.

This brought Mr. Prior to his feet, complaining of a "totally unjustified smear" that would not convince the 1.5m people who were unemployed under the present Government's policies.

Rooker seeks inquiry

BY IVOR OWEN

AN INQUIRY was demanded by Mr. Jeff Rooker (Lab. Perry Barr) in the Commons last night into the role played by Saatchi and Saatchi, the advertising company, in acting for the Manpower Services Commission and the Conservative Party.

He complained that the company, on behalf of the commission, was engaged in explaining and promoting Government policies to combat unemployment while, on behalf of the Conservative Party it was marketing a "disreputable" and misleading advertising campaign on unemployment, of which the "dole queue" poster formed part.

Mr. Rooker maintained that a "conflict of interest" must be involved.

Fresh approach to EEC legislation needed—Foot

BY IVOR OWEN, PARLIAMENTARY STAFF

A FRESH approach will have to be made to the problem of giving the Commons more control over legislation eminating from the EEC, Mr. Michael Foot, Leader of the House, reaffirmed last night.

He apologised for having to ask to be released from an undertaking given last November that, in the absence of Government proposals to secure improved Parliamentary control, the House would be given an opportunity to debate the issue before the end of the current session.

Mr. Foot explained: "These are controversial matters and we have not yet found what we think is a satisfactory solution to them."

This was the nearest he came to commenting on a suggestion by Mrs. Barbara Castle (Lab. Blackburn) that the Cabinet had blocked his proposals for giving the Commons a more effective voice in matters decided by the EEC.

Mr. Foot won cheers from both sides of the House when he announced that he favoured the introduction of arrangements to democratise appointments to the so-called Quangos—quasi-autonomous national governmental organisations.

But he strongly denied that ACAS, the advisory and conciliation service, should be linked with them. Since its establishment, ACAS had made a major contribution to improving industrial relations and had saved the country hundreds of millions of pounds.

Mrs. Castle had maintained earlier that the fact that Mr. Foot had found it necessary to ask to be released from an undertaking which he had given the House, showed clearly that he had lost out in the Cabinet.

"He would not cheat on his word," she said.

After recalling her earlier alliance with Mr. Foot and other Left-wing MPs in opposing Britain's membership of the Common Market, Mrs. Castle insisted that there could be no doubt about what had happened.

If Mr. Foot had been allowed to follow his own instincts radical proposals to improve Parliamentary control over decisions by the EEC would have been brought forward by the Government.

"I support Mr. Foot," she declared. "We should tell his colleagues in the Cabinet that we are alarmed by the indications of their unwillingness to do anything effective to strengthen the control of the British Parliament over what happens in the EEC."

Sir David Renton (C Huntingdonshire) also called on Mr. Foot to explain why proposals to enable the House to examine European affairs more thoroughly had not been presented by the Government.

Without proper examination of events associated with the EEC, he contended, Britain would not be able to get the best advantage from membership of the organisation.

Silkin criticises school heads over milk ban

BY CHRISTOPHER PARKES

HEAD TEACHERS were criticised by Mr. John Silkin, Minister of Agriculture, for their "crazy and lazy" arguments against co-operating in a new free school milk scheme.

The Minister also attacked the "meanness" of those local councils that had decided against taking up the offer of Common Market cash to fund the programme.

Their refusal to co-operate was "the meanest thing I have heard in a long time," he declared.

Head teachers have been ordered by their national association to have nothing to do with the project to extend the free school milk scheme to children between the ages of 7 and 11.

If authorities insisted on giving the milk, then heads should insist that there were enough non-teaching staff available to supervise distribution, the association said.

The heads' argument, dismissed by Mr. Silkin as "crazy," was that if the money were not used for free milk, it could be diverted into funds for new buildings or books.

That was not what the EEC Council of Ministers had in mind when it approved the funds at the annual farm price fixing earlier this year, the Minister stated.

He explained that the EEC would pay 4.8p a pint towards the cost of all milk given out. The scheme was to be administered in such a way that, for the first two terms, the milk would cost local authorities nothing.

Starting next April, Mr. Silkin estimated the daily cost to authorities would be 1p a child.

The Minister also disputed a claim by Sir Hector Laing, chairman of the Food and Drinks Industry Council, that food prices would have to rise at least 3 per cent if the food processing industry were to remain viable.

"Our job is to keep food prices as reasonable as we can for the consumer," Mr. Silkin declared.

MPs' pensions Bill too limited, say peers

CRITICISM OF the Government's Parliamentary Pensions Bill was made by peers who claimed yesterday that there would still be impoverished former MPs.

The Lords did not press their changes—since rejected by the Commons in the Bill, which provides for MPs aged 62 or over, with 25 year's service, to retire on full pension. But they complained bitterly about the Bill's lack of scope.

Lord Houghton of Sowerby (Lab.) said: "I don't feel full of gratitude or a feeling of welcome for what has been done, because time is passing."

Lord Shinwell (Lab) said the Government did not want to increase the scope of the Bill, although they could have done.

He said he never expected more but he was disappointed and felt sorry for those who would remain impoverished. Perhaps something could be done for them through the MPs benevolent fund.

Lord Boothby said he knew quite a number of former colleagues who were now living in dire poverty, despite the benevolent fund. He did not know of this happening in any other democracy in the world.

Lord Mishcon said this country cared for ancient buildings, ancient history and ancient tradition, but did not give comparable respect to aged servants of this country, who had done it so much credit.

Lord Peart, Leader of the House said he hoped the Boyle Committee would act quickly on the issue.

Tory choice

MR. PAUL GILL, a 37-year-old Merseyside solicitor, has been chosen as prospective Conservative Parliamentary candidate for the Birkenhead constituency. The seat is at present held for Labour by Mr. Edmund Dell, Trade Secretary.

Price rise 'approval' rebuke by Minister

THE GOVERNMENT has repudiated claims by a television rental company that increases it is seeking have been authorised by the Price Commission.

In a Commons written answer last night, Mr. Robert Maclennan, Under Secretary for Prices and Consumer Protection, said it had come to his attention that the company, Henry Wigfall and Son, in seeking increases, had purported to its customers that it was authorised to make them by the Price Commission and his department, even though the increases might not be permitted by the agreement with its customers.

"No such authorisation has been given and no powers exist under which it could be given," said Mr. Maclennan. He said he would strongly deprecate any failure by a company to comply with the terms of its agreements with customers, and strongly deplored any claim that such a failure had official authority.

Mr. Maclennan said that notification of a price increase to the Commission had no effect on the contractural rights of the consumer.

Authorities get more powers under new Act

THE INNER Urban Areas Act, which gives increased powers to local authorities to assist industry and commerce and to regenerate inner city areas, has received Royal Assent.

The Act enables local authorities for districts to be designated by the Secretary of State for the Environment to assist commerce and industry in three ways. They will be able to declare improvement areas, either industrial or commercial in character, in which they can make loans or grants for environmental improvements and give grants for the conversion and improvement of industrial or commercial buildings.

They will also make loans of up to 90 per cent on commercial terms for the acquisition of land and for carrying out building and site works and give loans of grants towards the cost of setting up common ownership or co-operative enterprises.

In addition, designated district authorities will be able to adopt local plans before the county structure plan has been formally approved.

Diamond stays as wealth inquiry chief

By Philip Rawstorne

LORD DIAMOND is to continue as chairman of the Royal Commission on the Distribution of Income and Wealth for a further year.

Mr. James Callaghan announced yesterday that Lord Diamond's appointment would, at his own request, change from a four-day week to a half-time basis, with a corresponding reduction in salary.

Four members of the Royal Commission—Sir Neville Butterworth, Professor John Greve, Mr. David Lea and Mr. Deryk Weyer—have also been reappointed for another year.

Hint of spring referendum

By John Hunt

A DECISION on the date of a referendum on Scottish devolution will be taken in November, after Parliament re-assembles, the Prime Minister told the Commons yesterday.

Mr. Callaghan's answer led MPs to conclude that, so long as there is a General Election in October, the referendum cannot be held until the Spring.

Under the terms of the Scotland Bill, it cannot take place within three months of a General Election and there then has to be a six-weeks campaign.

Film fund

THE National Film Development Fund is to be continued for a further two years, Mr. Michael Meacher, Trade Under-Secretary, announced in a Commons written reply last night. He said he would wish to see progress of the fund reviewed again in September 1980.

£40m insulation

GOVERNMENT GRANTS totalling £40m over the next two years will be available to private home owners and private tenants in GB under the Homes Insulation Act, which has received Royal Assent. From the coming autumn, 66 per cent grants for insulating lofts, water tanks and pipes will be offered.

Storm aid

FISHERMEN ALONG the north Norfolk coast whose boats and equipment were damaged in storms last winter are to get compensation from Norfolk County Council, as they did not qualify for the £1½m made available by the European Commission for storm damage in East Anglia and the West Country.

Hope of proposals on family tax

FINANCIAL TIMES REPORTER

THE GOVERNMENT hopes to publish within the next 12 months a Green Paper setting out proposals altering the taxation system to take account of the changing pattern of family life and the status of women.

The publication of the Green Paper was promised by Mr. Joel Barnett, Chief Secretary to the Treasury, in a Commons written answer last night.

Mr. Barnett said that the Government recognised the need for the tax system to adapt to changing patterns of family life, and had decided to put work in hand on the preparation of a Green Paper.

He said that the discussion document would be primarily concerned with the income tax treatment of the family, including the personal tax allowances and the principle of aggregation.

The Chief Secretary added that there was no clear consensus on the form of structural changes in the tax system to take account of changing patterns of family life. The possible options and their social and economic implications required full discussion before decisions were reached.

"The Government believes that a Green Paper is the best way of carrying forward the debate on these important issues. We hope to have it ready for publication within the next 12 months," he declared.

Booth urges resistance to employers' blacklists

WORKERS SHOULD use industrial strength where necessary to prevent blacklisting of trade unionists, Mr. Albert Booth, Employment Secretary, said in the Commons yesterday.

He had been asked by Mr. Tom Litterick (Lab, Selly Oak), to amend the Employment Protection Act so that the practice of blacklisting was outlawed—" and so that men like Mr. Victor Matthews, owner and bossman of the Daily Express, who is so vociferous about the rights of individuals . . . will not be allowed to carry that out."

Mr. Booth replied: "The problem of blacklisting by employers has been with us for a very long time. No Government has devised an effective way, within employment legislation, of dealing with it entirely."

The Secretary of State added: "I think we should continue to search for a solution.

"Those who organise workers should use industrial strength, where necessary, in order to ensure that people are not blacklisted, up and down this country, as a result of pursuing proper trade union rights."

Mr. Barney Hayhoe, Opposition employment spokesman, asked Mr. Booth to "condemn the blacking and blockading activities of SLADE" (the Society of Lithographic Artists, Designers, Engravers and Process Workers).

Mr. Hayhoe said that independent photographers, designers and the like were being put out of work at a time of unemployment by SLADE—one of the affiliated TUC unions. "Can you use your influence with the General Council of the TUC to get the activities of SLADE modified in a major way?" he asked

Mr. Booth replied that in the past Employment Ministers had made perfectly clear the Government's attitude to the activity of SLADE.

Healey predicts less opposition on wage curbs

BY CHRISTIAN TYLER, LABOUR EDITOR

MR. DENIS HEALEY(the Chancellor, predicted yesterday, inaugurating the year of his 5 per cent Stage Four incomes policy, that TUC opposition to wage controls would be even less this year than last.

He cited a number of union decisions in support of his optimism, including the fact that the miners' pay claim this year is for a 40 per cent increase when last year it was for 100 per cent.

However, the miners have made it plain that last year's demand for £135 a week for face-workers was a longer-term target, whereas this year £110 a week is the Stage Four claim.

Speaking on BBC radio, Mr. Healey said that the Post Office Workers and the National Union of Railwaymen were in favour of the pay policy, while the Engineers and the General and Municipal Workers "have indicated this is an area where policy has to exist."

He thought it a good sign that the Transport Workers, among the fiercest opponents of imposed pay controls, had not put down a resolution about them for September's TUC Congress.

T TGWU official later described Mr. Healey's assumption as "irrelevant."

A quick survey of the conference decisions of the biggest unions suggests that hard-liners and moderates on pay policy are pegging level, assuming that the Engineers—which passed a militant resolution in its national committee—is swung away from that line by its Right-wing executive.

The Chancellor said: "Prospects are rather better this year than they were a year ago for the coming round."

Negotiators would accept a sensible pay policy if they were satisfied the Government was doing what it could to bring prices down and control dividends.

There would be a pay policy so long as it was needed to get inflation down and keep it down. But he hoped that eventually the country would be able to do without the detailed intervention of government.

Mr. Healey repeated his hope of some kind of system like that in West Germany "where Government, employers and unions get together every year and decide what is the limit for pay bargains, beyond which inflation is going to go up."

Public service union leaders back basnett

FIVE PUBLIC SERVICE union leaders decided yesterday to make a formal request to the TUC for the formation of a public services committee.

The aim of the committee would be to present a common front to the Government on issues such as public expenditure and cash limits, and to find a way of ensuring that "public service pay is not treated more detrimentally or more rigidly than pay in other sectors of the economy."

A statement from the union leaders after a meeting at the London headquarters of the local government staff union, NALGO, said that the committee would not supersede existing bargaining machinery or the work of other TUC committees.

It would bring together unions in central and local government, the health service, universities, "and probably wate rsupply."

At the meeting were general secretaries from five unions that have seats on the TUC general council. They were Mr. David Basnett of the General and Municipal Workers Union, who put up the idea of the committee, Mr. Geoffrey Drain of NALGO, Mr. Alan Fisher of the Public Employees, Mr. Fred Jarvis of the National Union of Teachers, and Mr. Tony Christopher of the Inland Revenue Staff Federation.

The Transport and General Workers Union, which has in the past opposed Mr. Basnett's plan, sent an observer in place of Mr. Mick Martin, the national secretary, who was involved in talks on the industrial civil servants' pay dispute. It was not immediately clear how much support the TGWU is lending to the proposal.

Another absentee was Mr. Ken Thomas, general secretary of the Civil and Public Services Association.

The TUC's finance and general purposes committee is likely to be asked in the autumn to agree to the idea of a new committee. There are nine industry committees at present.

Some critics of the Basnett plan have detected in it covert acquiescence in pay controls, and argue that protection of public service workers pay and resistance to expenditure cuts and cash limits is the job of the TUC as a whole.

Shipyard managers will join democracy talks

BY OUR LABOUR EDITOR

A MANAGERS' UNION, the Shipbuilding and Allied Industries Management Association, which has been so far refused national recognition in British Shipbuilders, will be involved in discussions at national and local level about industrial democracy for the industry.

The association said yesterday it would refuse to join the "participation structure" that emerges until it has won its fight against the Confederation of Shipbuilding and Engineering Unions to be recognised alongside it.

A report on industrial democracy, which talks at some length about principles but says virtually nothing about practice, has now been presented to Mr. Eric Varley, Industry Secretary, by a group of five trade unionists and two officials of British Shipbuilders.

It stresses that systems will differ from yard to yard, and must grow from the shop floor rather than be imposed from above.

Mr. John Chalmers, chairman of the confederation's Shipbuilding Committee, estimates that it will take up to two years for a full scheme to emerge. It might be six to nine months before individual yards had come up with their proposals.

The board of British Shipbuilders is still wrestling with the controversy over the recognition of the association, which claims to represent the great majority of shipyard managers. This has brought its parent union, the Engineers' and Managers' Association, into conflict with the TUC, of which it is also an affiliate.

Parity strike shuts docks

SHIPPING IN and out of Hull's general cargo docks was halted yesterday because 300 engineers and about 50 lock gate men failed to turn up for work as a protest against what they claimed were unfulfilled promises of pay parity with dockers.

The engineers, who operate and maintain quayside cranes and other cargo-handling equipment, say their parity claim was accepted in principle four years ago.

Mr. Geoffrey Cullington, the docks manager, said there was nothing the docks Board could do about the demand without breaking Government guidelines.

Meanwhile, a North Sea Ferries ship was discharging about 1,000 passengers at a riverside quay outside Hull docks. Another vessel was diverted to Ipswich to off-load cargo.

The maintenance engineers met later and decided to continue the strike indefinitely.

Dock gate men at Goole have joined the stoppage, halting shipping into or from the docks there.

Rampton nurses ban overtime

FINANCIAL TIMES REPORTER

NURSES AT Rampton top-security hospital in Nottinghamshire started an overtime ban at midnight to support their claim for more danger money. They will also work to rule from today. Their action will cut many of the patients' social activities.

The 700 nurses claim to have the backing of colleagues at Broadmoor, Moss Side, Park Lane and Carstairs.

The Department of Health offer of £48 a year has been described as "derisory." The nurses are claiming a 40 per cent increase on danger money but have been told that all payments must be within the pay guidelines.

Staff at Britain's other top-security hospitals have threatened industrial action from September 1 unless they, too, get an increase in danger money.

Three Belvoir pits sought

THE National Coal Board is to make planning applications to mine three new collieries in the Vale of Belvoir.

Among the objectors to the scheme are the Duke and Duchess of Rutland, who live at Belvoir Castle, and the Duchess claimed that "99 per cent of the villagers in the area are against turning it into a mining region."

The aim is to sink mines at Hose, in Nottinghamshire, Asfordy near Melton Mowbray, Leicestershire, and Saltby, near Grantham, Lincs.

Blacklist company in new pay clash

By Our Belfast Correspondent

MACKIE, the Belfast textile engineers, blacklisted last year for breaching pay guidelines, is being pressed by its manual workers to exceed official advice again this year.

The company has offered a straight 5 per cent increase in line with the present Government target, but manual workers have turned this down as "totally unacceptable." No offer has yet been made to white collar and technical staff.

Shop stewards representing the manual workers have asked officials of the six unions involved to negotiate with the Mackie management for "substantial increases" to bring pay rates closer to those of other engineering establishments in Belfast.

Last year's 22 per cent award to 4,000 workers, which Mackie refused to renegotiate, resulted in a withdrawal of export credit guarantees.

Meanwhile, the Government yesterday launched a pilot scheme to preserve jobs in the inner city areas of Belfast and Londonderry. The measure, which comes in advance of proposed legislation, provides grants and loans for the improvement and building of building premises in areas severely affected by re-development.

Barclays agrees Saturday opening

By Nick Garnett, Labour Staff

BARCLAYS BANK has agreed terms with the National Union of Bank Employees for the Saturday opening of a further nine branches, for bureaux de change business.

The bank has still to agree conditions with Barclays Group Staff Association which says it is worried about issues related to the bureaux, including staff security.

The association, which represents the bulk of staff in the branches affected, is hopeful that talks with bank officials this week will overcome those difficulties.

Although the bank says the nine branches which will be open for bureaux to change services still have to be confirmed, the union yesterday listed four in Central London and one each in Cambridge, Canterbury, York, Brighton and Windsor.

The union said the bureaux would be open from 9.30 to 4.30. The scheme is experimental and should begin on August 19.

The union expects members will carry out bureaux work one week in every three or four. It has negotiated a shift payment of 30 to 34 per cent of normal week salary for the weekly periods during which staff are on bureaux de change duty. There will be one day off for working Saturdays.

Mr. Hugh James, the association's assistant general secretary, said he wanted to discuss issues, including staff security, with the bank before entering negotiations on extra money.

Car licence computers hit by dispute

A PAY DISPUTE has knocked out computers at the National Driver and Vehicle Licensing Centre in Swansea.

The three computers, used to process driving licences and vehicle registration documents, cannot be used because the centre's air conditioning is out of action owing to about 70 maintenance men refusing to work on it since Wednesday last week.

The centre said there would be little hardship to the public if the dispute was settled shortly. People would be able to drive new T registration vehicles even if documents were held up.

Job protection Act assented

THE EMPLOYMENT Protection (Consolidation) Bill has received Royal Assent and will come into operation on November 1, 1978.

The Act brings together the individual employment rights previously contained in the Redundancy Payments Act 1965; the Contracts of Employment Act 1972; the Trade Union and Labour Relations Acts 1974 and 1976; the Employment Protection Act 1975, without any changes.

Provisions of the Trade Union and Labour Relations Acts and the Employment Protection Act other than those concerned with individual rights (e.g., Collective rights, constitution of ACAS) are not affected.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

A Ray of talent at Chloride

Profile

BY JASON CRISP

IMAGINE it.—You are 44 and joined your company eight years ago. In that time you have ascended the ranks to be managing director of its European division, which represents nearly 60 per cent of turnover. It is a growth company with sales tipping the £800m mark. Sadly the chief executive is only three years older than you and he too has risen like a star through the company, thus overshadowing your own impressive rise.

Then like a bolt from the blue, the chief executive announces he is leaving. The search for his successor is on and you are one of his four possible replacements. Seven days later he has gone and you are chief executive. How do you feel?

The case in question is Chloride. Michael Edwardes has found fame, if not fortune, as the controversial "saviour" of British Leyland. His successor, John Ray, is faced with the difficult task of proving himself fit for the job and showing that Chloride is still the attractive growth stock it was, as he will tell shareholders at tomorrow's AGM.

If anyone feels that the fight for Edwardes's place was hard fought it is certainly not the impression Ray wishes to give.

"Michael actually told me that he had been made an offer about two weeks before he went—and he talked about it to a lot of people." Apparently Edwardes consulted the chairman elect and the non-executive directors before approaching the executive directors. Ray says that Edwardes asked each: "Would you want the job (as chief executive) and if not who do you think should have it?"

Within a week, says Ray, "He offered me the job and announced that he was going." Had that been a week of little sleep and great expectations? Ray's reply is slightly baffling: "I felt a variety of emotions . . . firstly I was thinking how Michael would perform at Leyland, having worked for him for so long," a comment which may not be everybody's idea of emotion.

"I was not fearful for Chloride because we had a strong management team and we would all continue to work well; obviously I hoped for the job but I did not dwell upon it," says Ray.

In many ways John Ray is a complete opposite to Michael Edwardes. While Edwardes is short, dark, bursting with energy and ready to thrust his ideas on the world, Ray is tall, prematurely grey and of a more reflective and philosophic ilk. Both have their share of charisma: Edwardes an almost boyish enthusiasm for every problem in sight, Ray an unthreatening North Country amiability.

What was it like to be thrust into the hot seat at Chloride? "It is a very different job in that you are very conscious that people are waiting for a lead. It is also very different from any other job on the board in that people are waiting to see what you think. You realise that if you do not start things, they don't happen."

And when Edwardes announced his departure, Chloride shares took a dive, how did Ray feel about that? "It was good, in the sense that the starting mark was lower," he notes. And certainly he took over at a bad time with the effect of a long and debilitating productivity strike showing in the results.

Ray's career started in Wolverhampton, which is his home town, and his accent remains. By the age of 21 he was running a cost department of twelve people, while training to become a member of what is now the Institute of Cost and Management Accountants. His next move was to a subsidiary of Thorn, working on automatic controls: he started as cost accountant and finished as financial director of the subsidiary.

In 1969 Ray was head-hunted by Michael Edwardes to Chloride Alcad. He is not quite sure whether the head-hunters cottoned onto him because of his work at Thorn or because he had made a "bit of a name for himself" in the Institute of Cost and Management Accountants.

His ascension through Chloride from then on was fairly impressive but inevitably overshadowed by his mentor Michael Edwardes, for whom he worked most of the time.

As John Ray puts it: "We went up the tree together—with Mike in the lead." Perhaps the most significant move for Ray was when he became managing director of Chloride Automotive Batteries, a new division created by Edwardes. "It was the first time I had responsibility for my own profit centre," says Ray with pride. At the time it employed 2,000 people and had a turnover of £25 million.

"When you get your first profit centre you start to do things off your own bat; that was when I learnt to lead rather than follow," he says.

His progression through the higher echelons of Chloride went steadily to that of managing director of Chloride Europe. It is interesting that looking back on his career, he notes: "The most exciting job is to be managing director of a large subsidiary—that's where the action is. I enjoy the excitement of a line job."

But as managing director of Chloride Europe Ray begins to notice a different nature to his job, "You begin to have more contact with government, politicians and civil servants and you become more involved in strategy." The job at Chloride Europe was, as Ray puts it, the "most important line job," which is "not to say I was ever given the idea that I was favourite to follow Edwardes."

John Ray—the man who replaced Michael Edwardes as chief executive of Chloride.

There were, says Ray with notable self effacement, four strong contenders for the post. And he certainly implies that if one of the others had won through he would not have left—as they have not either.

On whether he had ever expected to get the job, Ray notes: "Everybody recognised that Edwardes was of such ability that he would not stay with Chloride until retirement age. I never saw it as a bar to promotion that our ages were very close together."

There are those who like to question Ray's ability to succeed Edwardes. Without doubt they are very different characters. John Ray is not a leader in the sense Edwardes is, but so far as Chloride is concerned there may be a fair case to say it no longer needs an "entrepreneurial man" but requires a "managerial man," which is perhaps as good a difference in styles as can be defined. Outside the company Ray has yet to win the confidence he would perhaps like, but it is a difficult act to follow.

Internally he is more confident: "It's a bit like the king is dead, long live the king," says Ray.

BUSINESS LAW

Civil judgments convention giving cause for concern

BY A. H. HERMANN

IN THE past few months, many British companies have become belatedly aware of the challenge posed to them by a series of proposed changes in the law on product liability.

But, as the director of the British Safety Council noted in the Financial Times on July 19, ignorance and confusion are still rife.

One of the measures which is provoking considerable worry is the draft UK/U.S. convention on civil judgments, discussed in this column on June 7.

The Government is being pressed from several quarters to renegotiate this convention and has indeed indicated in Parliament its readiness to think again.

The CBI has expressed its concern in a recent letter to the Department of Trade. And a joint working party of the Bar and the Law Society—asked for their views by the Lord Chancellor's Department — stated: "We know of no-one who has been able to identify any substantial advantages that will accrue to the UK from the proposed convention. It is a Treaty which confers benefits of a major nature on the U.S. without any corresponding benefit to the UK."

The advantage which the U.S. will derive from the convention—and the reason why it is so interested in concluding it—is connected with the European Judgments Convention. The UK has undertaken to accede to this convention, which would make it possible to enforce in Britain judgments obtained against U.S. companies anywhere in the EEC, even if these judgments were obtained on the basis of "exorbitant" rules of jurisdiction which would not apply to EEC defendants.

Thus a U.S. company (but not an EEC company) not resident in France could be sued in French courts by a Frenchman, or by a German resident in France, even if the case had no connection with France, and the resulting judgment could then be enforced against any assets which the U.S. company had in the UK.

Unless there is a UK-U.S. convention eliminating this innovation of the European Judgments Convention, U.S. companies will no longer be able to avoid attachment of their UK assets using the defence that the French court (or any other court in the EEC) assumed jurisdiction on grounds not recognised in England. This deterioration of the position of U.S. companies in UK courts would be all the more serious because, after Canada, the UK is the preferred destination of U.S. foreign investments and consequently there are probably more noticeable U.S. assets here than anywhere else in Europe.

While the U.S. has this reason for wanting the convention, no such need exists in the U.K. There appears to be no difficulty in obtaining the enforcement of UK judgments in the U.S. as the grounds on which UK courts assume jurisdiction are more restrictive than those recognised by U.S. courts. In its present form the convention would do nothing to remove the difficulty created for British firms with assets in the U.S. by the High Court decisions of 1915 *(Harris v. Taylor)* and of 1976 *(Henry v. Geoprosco International)*.

These precedents oblige a British company with assets in both the U.S. and the UK to make a very difficult choice if it is sued in a U.S. court for an amount substantially in excess of its U.S. assets and the court would not normally be considered competent under UK rules. If it makes an appearance in the U.S. court, if only to protest that this court has no jurisdiction, the British company runs the risk that UK courts could take this as amounting to submitting to U.S. jurisdiction and would therefore execute any award which the U.S. court may make. If, however, the British company does not appear, the court can enter a default judgment so that the company's U.S. assets will be lost without defence.

It is patently obvious that the U.S. need for a convention presented an opportunity to negotiate one which would replace the present common law rules of jurisdiction by a set of rules defined more clearly and which would offer some improvement to the present position of British companies.

The only immediately obvious advantage which the convention would bring concerns the enforcement of smaller UK monetary judgments in the U.S. which is uneconomical under the present system. By providing for the enforcement of County Court's judgments, the convention would facilitate the collection of small debts in the U.S.

This minor gain does not offset the substantial worsening of the position of British defendants against whom judgments are obtained in U.S. courts.

Though the convention does not apply to judgments for punitive or multiple damages nor to orders for the disclosure of evidence, it would expose British industry to the much stricter U.S. product liability laws and massive awards of compensation made by U.S. juries and to the greater frequency of litigation resulting from the contingency-fee systems operated by U.S. attorneys.

As the convention excludes the review of U.S. judgments by UK courts asked to enforce them it would be difficult to distinguish between genuine compensatory damages and purely punitive damages. Moreover, the convention extends also to non-monetary judgments by which UK companies could be prohibited by U.S. courts to deal throughout the world, or ordered to divest themselves of certain assets, to reinstate plant or to perform certain services.

Article 10 is crucially important because it goes far beyond the common law rules which UK courts now apply when considering whether claims from U.S. courts should be recognised and whether their judgments should be enforced in the UK.

The convention would oblige UK courts to recognise the jurisdiction of U.S. courts whenever the defendant had "a branch or other establishment (other than a subsidiary corporation)" in the U.S. This would mean that many companies would have to incorporate subsidiaries in the U.S. The term "other establishment" is vague but probably wider than "an office or other permanent place of business." This vagueness is all the more serious because U.S. courts would have jurisdiction not only in respect of transactions but also of "occurences" arising from business done by, or through such establishments.

Another proposal in the draft convention concerns companies doing "continuing business" in the U.S. The competence of U.S. courts would have to be recognised in the UK if such companies either had appointed, or had been under a legal duty to appoint, an agent to deal with legal documents. Foreign manufacturers of certain products, including motor vehicles, are already under a legal duty to appoint such an agent if they wish to sell their products in the U.S. and there is reason to fear that the convention would encourage U.S. legislation over an even wider range of products and in a greater number of states.

One of the most objectionable extensions concerning the supply of goods or services under contract — but not expressly limited to contractual claims—is contained in Article 10/f of the draft convention which provides that the U.S. courts' jurisdiction should be recognised where "the conclusion of the contract was preceded by an invitation to trade made by advertisement or otherwise either in, or specifically directed to, one or more U.S. states and the use of the goods or the performance of the services was to occur in whole or in substantial part within those states."

Certain exporters of highly sensitive products — aerospace for example—fear that as a result of this provision even their past advertisements in British periodicals circulating in the U.S. could expose them to the jurisdiction of U.S. courts in states where they have neither an agent nor a "place of business."

The application of U.S. product liability laws would be extended to the UK by Article 10/j, the most obscurely drafted provision of the convention. This would establish the jurisdiction of courts in those states where either the personal injury or damage to property occurred or where the "acts of omissions" which had caused them "substantially occurred," provided that both the cause and the effect took place in the U.S.

This reads innocently enough until one realises that both the U.S. and UK courts may view a failure to warn the consumer that a product made in the UK could be dangerous, as an ommission which had taken place both in the UK and in the place where the product was consumed. The Privy Council did so hold in a thalidomide action brought against Distillers in New South Wales.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Law on letting

I own a furnished house, which I wish to let, but want to be able to regain possession. It is situated in a university town. Could I make arrangements with the university authorities, whereby they let it to visiting professors for the academic year, and thus keep it outside the scope of the Rent Act? Would a licence be an answer to the problem?

The course which you suggest would be effective if the occupiers of the house are students of the university, but not if they are teachers. If teachers, it may be possible to exclude the Rent Act 1977 by means of carefully drafted licences, but there is a risk that the occupier could be seen as a tenant if the same occupier resumed possession after the long vacation.

Share out

I am a director and majority shareholder by five £1 shares in a small limited company. All my shares will eventually go to my fellow director. Can you please advise as to how the Revenue will assess the value of the business if I were to die?

As you have a majority shareholding your interest in the company may be valued on a basis which would be disadvantageous to your estate. The precise method of calculation might vary according to the nature of the company, and is a matter of valuation for an accountant rather than of law. However, it would be wise for you to consider divesting yourself of the controlling interest, to which end you should consult your accountant.

Pension fund

As a director of a small private company, I have often wished to explore the possibility of arranging a pension fund for myself and possibly my fellow directors in such away that the fund created could be invested more directly into our company, perhaps purchasing the buildings, etc., and leasing them back to the company. Do you know of any companies who are operating such a scheme or any legislation which precludes the uses of pension funds for this purpose?

The scheme which you envisage would probably not be viable, since you would have to have trustees of the pension fund whose duty would be not to invest in hazardous investments. Moreover you would have difficulty in obtaining Inland Revenue approval of the scheme. The only companies we know of where pension funds are invested in securities which may include the company's shares or property leased back to the company are public companies.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

Reading the tea leaves

BY PETER RIDDELL

HAS THE British economic miracle at last arrived? The pound is rising, the current account is in surplus, the rate of price inflation is the lowest for five years and personal consumption is at record levels. It is a measure of the erosion of national self-confidence, or perhaps just realism, that no one is now talking about a dash for growth. Even the bland statements on the economy in the Commons last week by the Prime Minister and the Chancellor of the Exchequer were relatively low key, and industry has been distinctly cautious about the extent of the upturn.

Although the Government itself has been noticeably reticent about the prospects for the next 12 months, there is a surprising degree of unanimity in the batch of forecasts and analyses produced in the past week. The agreed view is that the growth of both disposable incomes and output will slow down significantly from the end of the year onwards with the rate of price inflation hovering around 10 per cent.

The signs

But the faithless do not have to put their trust solely in forecasts; there are clear enough signs in what is happening now to the economy. There are two main guides which have proved reliable in recent years—the real money supply and the Central Statistical Office's index of longer leading indicators.

The significance of the real money supply has been highlighted in particular by W. Greenwell and by the London Business School. In the last couple of years, fluctuations of the real money stock (sterling M3 adjusted for the rate of price inflation) have accurately foreshadowed by a few months turning points in economic activity. For example, it became clear that domestic spending would start rising rapidly this spring and summer following the turnround from a sharply declining real rate of monetary expansion in early 1977 to an annual growth rate of over 17 per cent by early 1978. The real money stock continued to grow strongly until recently—up about 7 per cent in the year to May—as a decline in the rate of price inflation was offset by a large increase in the nominal money stock.

But this has now come to an end. The reimposition of the corset controls and the rise in interest rates since the early spring have already reduced the growth of the nominal money supply, and little expansion is likely in the next few months. At the same time, the underlying rate of price inflation has started to accelerate as the higher pay settlements of phase three and the fall in sterling this spring have begun to feed through into prices. The result is likely to be a scissor movement, producing a flat, or probably lower, real money stock during the next six or nine months.

Projections

A similar message is produced by the index of longer leading indicators, which has a mean led time in changes in the economic cycle of about 13 months. This index has fallen steadily each month since last October. Although these indicators have to be interpreted with a good deal of caution because of later revisions, the trend is clear. It points to a slowdown in the rate of increase in demand and output from the early winter onwards.

Conventional economic forecasts also support this view: last week's report from the OECD, for example, projected a slackening in the rate of increase of real Gross Domestic Product from an annual rate of 3 per cent in the first half of this year to 1½ per cent in the same period of 1979.

The projections are based on the assumption that the Government's aim of cutting the growth of earnings in the next pay round in half to around 7 per cent is fulfilled. But there is an interesting departure from previous OECD orthodoxy when the pay assumption is varied. The report suggests that a rise in earnings of above 10 per cent would be largely passed on in prices.

"Consumer demand may be initially somewhat stronger but because of a higher rate of inflation, the personal savings rate will not fall as much as actually forecast and business confidence may weaken with the result that output will probably rise slower than presently forecast." So the British miracle appears as much a mirage as ever; what is really happening is a short-lived consumer boomlet financed by North Sea oil. That should not, however, prevent us enjoying it while we can.

Nature's way with garden rules

GARDENS TODAY

BY ROBIN LANE FOX

GARDENERS, I find, like their rules to be broken. They would like to be told that azaleas have been known to grow on lime, that mimosa will survive the winter in Derbyshire or that John Innes numbered his composts in the wrong order. They do not like to think that gardening is scientific. A few broad rules are acknowledged, a few botanical categories accepted under duress. But there is a strong feeling that handbooks have been handing down untested rules for centuries and that panels of experts have talked themselves into a job. Surely men grew passables roses before anybody worried about the proper date at which to mulch them.

If there was one rule for which I would have gone to the stake, it was the hatred of many silver-leaved plants for wet winters. Damp, more than frost, has been their enemy with me. I would never plant a helichrysum, not even the prolific fontanesii which I think to be the best value, unless I had dug so much gravel round it that it stood in hardly a quarter-proportion of earth to stone. Wet in the early months would rot their necks, I believed. Whenever I failed to place these silver plants properly, they died then and there. Otherwise, they were easy and extremely useful.

Now, last winter gave the south-east tip of England one of its hardest natural batterings in history. Late one winter evening, the winds fell quiet and the tide seemed to hesitate: hums and huzzes were sensed, but not reported, as if the whole of the Channel was on the move.

Twelve hours later, the exposed coast from Deal to Sandwich was swamped by the highest tide on record. Fences flew before the wind like startled seagulls. Ten feet of water coursed across the seaside gardens, swirled round their walls, found an entry through the garden-door and dug itself in to a depth of eight feet. It sat there until the firemen ended their winter strike. So much, you might think, for the future of a south-coast seaside garden. Somewhere, now, off Sark or the Scillies, your yacht might meet a fine stand of Sea Kale, Hebe and Rose Rugosa Blanc Double de Coubert which I had planted last year in the esplanade of an FT reader, a gardener with more audacity than sense.

For ten days, maybe more, the sea water lay in the local gardens, some of them several hundred yards inland, some, too, the site of years of ingenuity and hard labour. Plants, we all know, are said to be scorched by salt. Sea-anemones, they tell us, grow under water, but not, one would have thought, the clematis, dianthus or the escallonia. As for the silver-leaved plant, there can never have been a winter so wet, not even in those stirring days which sank the Spaniards and their huge Armada.

Old views die about as easily as bindweed or bergenia. But I must report the extraordinary consequence, impressed on my disbelief last month. There are many odd sides to it, to which I will return, but the oddest, to my eye, is that there have never been such prolific pinks or silver-leaved shrubs as those which had spent a fortnight at the bottom of the sea. Last winter, on a moderately heavy soil, I lost every one of the hybrid pinks which I had bought from Ramparts Nursery, Colchester, Essex, and its excellent list. Bad drainage and winter wet, I presumed. Yet that very moment, pinks in Sandwich Bay were under eight feet of water and seem to have been stung into heavier flower and thicker growth than ever before.

Who would have given artemisias a chance under a tidal wave? Yet the small silver-green Schmidt, the big Lambrook Silver and that two-foot-high cushion, *Helichrysum Fontainesii*, are all now spreading over the gaps left by less fortunate neighbours in soil which must be about as palatable as an old-fashioned mouth-wash. The earth has not been changed. The salt and water must still stretch far below the surface. Yet you and I would take cuttings of these silver-leaved plants to shelter them from the shock of a suburban winter.

Of course, there have been many sad casualties: lilacs, variegated dogwoods, some (but not all) shrub roses and most of the evergreens, especially the smaller coniferous sorts. But there are small compensations where there ought to be nothing but ruin. Why should the clematis be better than ever, not just the wilder species but the big-flowered Jackmanii and others, showing their paces far further up the supporting shrubs than in the days when the sea still knew its place? Why should the fleshy-green leaves of those shrubby spurges survive, but not the silver leaved *Euphorbia Myrsinites*? How can there possibly be new growth on the tender white *Escallonia Iveyi* when even the tough old yellow berberis has turned brown and given up the struggle? Any suggestions from scientists, authors of hand-books and experts on winter wet will have to be weighed against an experiment which has not been conducted before in the history of these plants.

The prize, I think, must go to a rose. Not all roses survived. Nevada has gone and so have the usual floribundas. But the fine old Rugosas, we all knew, liked the seaside. Now, I can report, they have proved themselves under the sea. Roseraie de la Hay, the dark purple-maroon, has not been so tough, but the lovely pink Sarah van Fleet would clearly stand a good chance on a North Sea oil rig. One which I planted last year, barely 50 yards from the sea-front, must have ducked while a fence came flying past it. It sheltered, somehow, from a hurricane of shingle and survived the weight of a fully 10-foot tide. The water, finally, went, but the salt must have persisted. Yet Sarah van Fleet is now 3 feet high, fresh green and already well set with flowers. This must be the submarine rose of the year, as soon as the Rose Society brings in that useful category.

Should we, then, souse our clematis with salt and keep silver plants in the lily-pond during the winter? I have beds of young pinks which could well be improved by a taste of the Channel in February. The answers I leave to you, for this flood has raised some unthinkable questions. But the soundest rule in the gardener's rulebook can no longer claim to be true, since the sea knocked a 10-foot hole in it.

If and When well treated in Brighton handicap

RACING

BY DOMINIC WIGAN

SIR MARK PRESCOTT, the Newmarket trainer, who has placed that no-more-than-useful handicapper Little Nugget with considerable skill to land three races this season, may be the man to follow at Pontefract today.

The Heath House trainer, whose 44-strong team is largely made up of well-bred two-year-olds, could well land a double on the left-handed Yorkshire track through Parallel and A Star Is Born.

A Star Is Born, ultra-consistent has just Sabir, Ten Hugs and North Page to beat in the Colfigs Juvenile Stakes.

Partnered by George Duffield, the filly landed her third race within a matter of weeks here towards the end of June when running on determinedly to dispose comfortably of English Gem and ten others. Since then she has run even better in stronger company.

At Newmarket recently, the Tudor Music juvenile put up a particularly pleasing display when third at 33-1 in the Cherry Hinton Stakes.

In that event A Star Is Born was beaten little more than two lengths by Devon Dittye after being none too quickly away and failing to get the best of runs.

Sure to be ideally placed by Duffield from the outset in today's small field, A Star Is Born can get back on the winning trail by wearing down the equally consistent Barry Hills runner, Sabir.

Although he has not produced his best for a while, Parallel, Prescott's representative in the Cudworth Selling Stakes, is difficult to oppose even under 9 st 6 lb now that he has been dropped to selling company.

The young Upper Lambourn trainer Taffy Salaman may provide the answer to a particularly open race for the Ladbrokes Leisure Handicap at Brighton.

Salaman, whose Rodney Parade gave John Francome his first success of the jumping season at Newton Abbot on Monday, saddles If And When here.

This Balliol filly, a 340 gns yearling, got off the mark with a two length Chepstow success over Please Yourself and 20 others in the spring, and she seems far from harshly treated today with just 7 st 10 lb.

Oisin can repeat his success of a year ago in the Brighton Challenge Cup in spite of going up by 16 lb in the weights. In the Lanes Stakes, Lord Rochford, an expensive failure for many in the Spillers Stewards Cup, can get the better of Dasman.

BRIGHTON

2.00—Cavokay
2.30—Marcoing
3.00—If And When***
3.30—Oisin*
4.00—Lord Rochford
4.30—Carnival Fugue

PONTEFRACT

3.15—Parallel
4.15—A Star Is Born**
5.15—Bradden

Oil leak halts welding work

WELDING OPERATIONS have been halted in one of the processing areas of Occidental's £169m oil terminal at Flotta in Orkney because of potential danger caused by an oil leak from the oil water drainage system. When the leak was found, all hot metal work was stopped.

It was stressed at the terminal yesterday that the ban would not affect Flotta's storage of crude oil pumped from the Piper and Claymore fields in the North Sea, 130 miles east of Orkney. Joint production of the fields is now reaching 345,000 barrels a day.

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.30 Paddington. 9.55 Jackanory. 10.10 Tarzan. †10.30 Belle and Sebastian. 10.55 Cricket: Gillette Cup. 1.15 pm News. 1.30 Fingerbobs. 1.50 Cricket: The Gillette Cup. 4.18 *Regional News for England* (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Boss Cat (cartoon). 5.10 Going for a Gold.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 The Wednesday Film: "Panache."
8.10 Z Cars.
9.00 News.
9.25 The Risk Business (a look at the ship-building industry).
10.05 Come Dancing.
10.45 Omnibus.
11.35 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—5.10-5.40 pm Pen Draw'r Byd. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.40-8.10 Come Back Mrs. Noah. 11.35 News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 11.35 News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.30 am Open University.
10.35 Gharbar.
11.00 Play School.
4.00 pm Cricket: Gillette Cup.
4.55 Open University.
7.00 News on 2 Headlines.
7.05 Erica on Embroidery.
7.15 An ABC of Music.
7.30 News on 2.
7.40 Rhythm on 2 with Jack Dieval and Agnes Sarkis.
8.10 Brass Tacks.
9.00 Call My Bluff.
9.30 Globe Theatre.
10.40 Late News on 2.
10.50 Cricket: Gillette Cup highlights.
11.20-11.30 Closedown, reading.

LONDON

9.30 am A Place to Live. 9.55 Catch '77. 10.20 Oscar. 10.30 The Flintstones. 10.50 Nature of Things. 11.50 Beany and Cecil Cartoon. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 Sounds of Britain. 1.00 News plus FT index. 1.20 Platform. 1.30 The Rolf Harris Show. 2.00 Summer After Noon. 2.25 General Hospital. 3.20 Kathy Karuks is a Grizzly Bear. 4.20 Michael Bentine's Potty Time. 4.45 Search and Rescue. 5.15 Gambit.

5.45 News.
6.00 Miss Thames Television 1978.
6.35 Crossroads.
7.00 Don't Ask Me—I Only Work Here.
7.30 Coronation Street.
8.00 London Night Out.
9.00 Fly on the Wall.
10.00 News.
10.30 Tights.
11.30 Whicker's World: Salt Lake City, Utah.
12.30 am Close: A painting by Turner accompanied by the music of Vaughan Williams.

All IBA Regions as London except at the following times:—

ANGLIA

10.20 am Dynomutt, The Dog Wonder. 10.40 Star Maidens. 11.05 How. 11.30 Rogue's Rock. 1.25 pm Anglia News. 1.30 Those Wonderful TV Times. 2.00 Houseparty. 3.20 An Angel. 4.20 Michael Bentine's Potty Time. 5.15 Mr. and Mrs. 6.00 About Anglia. 12.30 am The Big Question.

ATV

9.15 am Something Different. 10.20 Angling Today. 10.45 ATV Sport: Canoeing from Holme Pierrepont. 11.10 The Jetsons. 11.30 Magic Circle. 11.55 The Adventures of Parsley. 1.20 pm ATV Newsdesk. 1.30 Code 'R.' 2.25 The Best of Ladies Night. 3.10 The Practice. 3.40 Money Go Round. 4.05 Cartoon Time. 5.15 Happy Days. 6.00 ATV Today. 11.30 Faces of Festival.

BORDER

10.20 am Technoflash. 10.45 In Search Of . . . Voodoo. 11.05 How. 11.30 Rogue's Rock. †1.20 pm Border News. 1.30 Stars on Ice. 2.00 Houseparty. 3.20 Little House on the Prairie. 5.15 The Rolf Harris Show. 6.00 Lookaround Wednesday. 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 1.30 The Mackenzie Affair. 3.20 Barnaby Jones. 6.00 Channel News. 6.10 The Beatles. 10.28 Channel Late News. 12.25 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 10.20 Davy Crockett on the Mississippi. 11.05 How. 11.30 Rogue's Rock. 1.20 pm Grampian News Headlines. 1.30 The Family. 3.20 Code R. 6.00 Grampian Today. 6.10 Police Newsroom. 6.15 The Woody Woodpecker Show. 12.30 am Reflections. 12.35 Grampian Late Night Headlines.

GRANADA

10.25 am Sesame Street. 11.20 Solo One. 11.45 Kathy's Quiz. 1.20 pm This is Your Right. 1.30 George Hamilton IV. 1.55 Wildlife Cinema. 3.20 Tandarra. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada Reports. 6.30 University Challenge. 12.30 am A Little Night Music with The Bowles Brothers.

HTV

10.20 am The Lost Islands. 10.40 The Adventure World of Sir Edmund Hillary. 11.05 How. 11.30 Rogue's Rock. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 1.30 Stars on Ice. 2.00 Houseparty. 3.20 Survival Special. 4.45 The Gene Machine. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Father Dear Father. 11.30 Faces of a Festival.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20 Miri Mawr. 4.30-4.45 Un Tro. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.20 am Clue Club. 10.40 The Stationary Ark. 11.10 How. 11.35 Rogue's Rock. 1.25 pm News and Road Report. 1.30 Lifestyle. 2.00 Women Only. 3.20 Survival Special. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Reflections On Sport—Arthur Montford. 11.30 Bonn Oir. 12.00 Late Call.

SOUTHERN

10.20 am Little House on the Prairie. 11.05 How. 11.30 Rogue's Rock. 1.20 pm Southern News. 1.30 Stars on Ice. 2.00 Houseparty. 3.20 Red Letter Day. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day including Southsport. 12.30 am Southern News Extra.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 10.20 Top of the Bill. 11.05 How. 11.35 Rogue's Rock. 1.20 pm North East News and Lookaround. 1.30 In Search of . . . Inca Treasures. 2.00 Women Only. 3.25 Code R. 5.15 Happy Days. 6.00 Northern Life. 11.30 Landscape. 12.00 Epilogue.

ULSTER

10.20 am The Lost Islands. 10.45 The Secret Lives of Waldo Kitty. 11.05 How. 11.30 Rogue's Rock. 1.20 pm Lunchtime. 1.30 Stars on Ice. 3.20 Code R. 4.18 Ulster News Headlines. 5.15 The Mary Tyler Moore Show. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.45 Witherspoon. 11.30 Bedtime.

WESTWARD

10.20 am The Beachcombers. 10.40 Out of Town. 11.05 How. 11.30 Rogue's Rock. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 1.30 The Mackenzie Affair. 3.20 Barnaby Jones. 6.00 Westward Diary. 10.28 Westward Late News. 12.25 am Faith for Life.

YORKSHIRE

10.20 am "The Shakiest Gun in the West." 1.20 pm Calendar News. 1.30 Little House on the Prairie. 3.20 Love Story. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO 1 — 247m

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.00 Peter Powell with the Radio 1 Roadshow from Cleethorpes. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Tony Blackburn. 4.31 Kid Jensen. 7.30 Sports Desk (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00am With Radio 2 including 1.55 pm Good Listening. 6.33 Bill Prince (S) (continued from Radio 2). 4.30. 7.02 Sing Something Simple (S). 7.30 With Radio 2. 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2 — 1,500m and VHF

5.00 am News Summary. 5.02 Richard Vaughan with The Early Show (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S) including 12.02 pm Cricket: The Gillette Cup quarter-finals. 12.15 Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.02 Cricket: further news and 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 Bill Prince (S) (continued on VHF) including 5.45 Sports Desk. 6.33 Gillette Cup Special. 7.30 Sports Desk. 7.33 Listen to the Band with Charlie Chester (S). 8.15 Semprini Serenade (S). 9.02 The Fred Astaire Story. 9.55 Sports Desk. 10.02 Offbeat with Braden. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 — 464m, Stereo & VHF

†6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Boccherini (S). 10.00 George Cunningham Centenary (S). 10.40 20th-Century Violin Music (S). 11.25 Halle Orchestra (S). 1.00 pm News. 1.05 Bristol Lunchtime Concert. 2.00 The Music of Romania (S). 3.00 Koussevitsky Commissions (S). 3.45 Piano Trios, part 1 (S). 4.45 Words . . . (talk). 4.50 Piano Trios, part 2 (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines, Language and Communication. 7.30 Proms 78, part 1: Ravel, Grace Williams, Poulenc (S). 8.30 The Arts Worldwide. 8.50 Proms 78, part 2: Vaughan Williams (S). 9.35 The Living Poet with John Heath-Stubbs. 10.00 Frederica Von Stade song recital part 1 (S). 10.45 Why Do People Want Goods? 11.05 Frederica Von Stade, part 2 (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

Radio 3 VHF Only—6.00-7.00 am and 5.45-7.30 pm Open University.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today including 7.00 and 8.00 Today's News, 7.30 and 8.30 News Headlines. 8.35 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 Sweet Songs of Zion. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 *Conversation Piece*: Emlyn Williams, actor, playwright and author, talks about his life and work. 11.50 Letters from Everywhere. 12.00 News. 12.02 pm You and Yours. 12.27 Share and Share Alike (S). 12.55 Weather; programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Choral Evensong. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather; programme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Something to Declare: Laurens van Der Post and Baron Hugo van Lawick discuss animals and problems of wildlife. 8.00 Workers' Playtime looks at holiday camps (S). 8.45 The River Test in Hampshire: A look at trout fishing. 9.00 Science Now. 9.30 Lambeth Conference Report. 9.35 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Round Britain Quiz. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 7.00 Sounding Brass Strikes Again. 7.30 Black Londoners. 8.30 In Concert: Liszt Festival of London 1977. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. 1.05-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

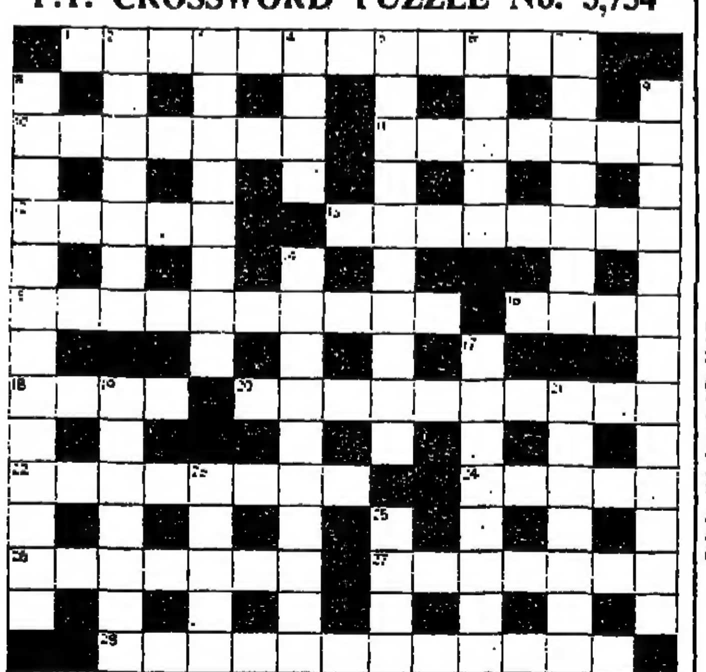
5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight with Ian Gilchrist. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Tony Myatt (S). 12.00 Dave Cash (S). 3.00 pm Peter Young (S). 7.00 London Today (S). 7.30 Adrian Love's "Music Line" (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,734



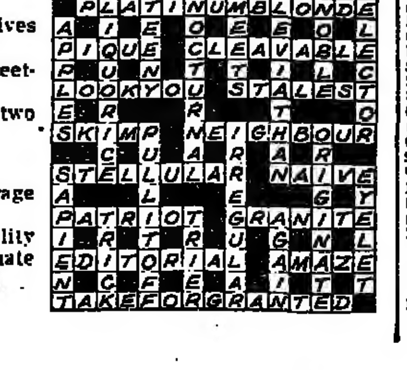
ACROSS

1 Tautological question of identity (5, 2, 5)
10 *Issue that oriental gentleman digested* (7)
11 European means it to go with gin (7)
12 Chance United States has to blossom (5)
13 A bit of a bore before blast-off (4-4)
15 Confound one slice of loaf (4, 6)
16 Positive quality making one cross (4)
18 Unpleasant aspect of thug lying in wait (4)
20 Put right by receiver one after the other (3, 2, 5)
22 Keep away from workpeople who are leaving (5, 3)
24 Progress to board (3, 2)
26 Commission the Queen gives reservist (7)
27 IRA member has way of meeting college head (7)
28 Game in which one has two throws (5, 3, 4)

DOWN

2 Listen to ten and encourage (7)
3 A chap of high quality becomes an honours graduate (8)
4 One law for Holly (4)
5 Lending support to pre-flight ceremony (8, 2)
6 Paint may be unsuitable (5)
7 *Dressing to make parting more enduring* (4, 3)
8 Admired having spring considered (4, 7, 2)
9 Neath force is short of men (5, 8)
14 10s turn up with old Bob on river (5, 5)
17 Hooligan determined to sketch (5, 3)
19 Assembled in the queue (5, 2)
21 Obedient to us due to a different order (7)
23 Support for plane affected walk (5)
25 Turn up winning hands at bridge (4)

Solution to Puzzle No. 3,733



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هكذا من الأصل

Television

Imported ready-mades

by ARTHUR SANDLES

Last week's move by the Independent Broadcasting Authority to reduce the amount of imported programming allowed on ITV screens was quickly buried by the blizzard of comment on the White Paper on the future of broadcasting. The misfortune of this is that it turned attention away from any thought about why the television companies import material, and to what use they put that material.

But then fortune smiled on this reviewer by providing power to his text with the remarkable news that *The Incredible Hulk* had hit the top of the British national TV ratings—something it has yet not even remotely aspired to on its home American channels.

It may be worth noting that the 16 per cent of imported material on ITV screens (soon to be 14 per cent) is not uniformly spread. At the moment around a quarter of peak time programming can have foreign, which usually means American, shows. That proportion is to be reduced to something nearer a fifth. The BBC works to very similar limits, although it has not been eager to follow ITV's move an declare publicly any intention of reducing its bought-in material—doubtless this is another arrow in the quiver of licence fee armaments.

Bought-in material, imported programmes and old films now make up a disturbing amount of BBC television programming in the peak times. This week there are only two evenings when bought material does not pop on to BBC-1 screens during the vital 7-8 pm period.

Last Saturday evening, surely the primest of all prime times, BBC-1, the major channel of an organisation which is about to seek a one-third rise in its annual licence fee, started its peak programmes with *Wonder Woman* (U.S. import), followed by an old (American) film and ending with *Kojak* (a U.S. cop). Squeezed into this stars and stripes evening was one U.K.-made programme—an Australian comic hosting a seaside variety show. Before someone cries BBC-2 a quick glance at Radio Times will show that the alternative to this particular show was a Repeat.

For those who think that the BBC was alone in this benefit night for the American trade balance, the menu on ITV had a similar ketchup and grits flavour (sorry, flavor) to it. London was among those to be offered *Laverne and Shirley*, the *Life and Times of Grizzly Adams* and *Columbo*. The only newly made UK productions on the schedule were *3.2.1.* and *Mr. and Mrs.*, two quiz shows. *Doctor on the Go*, the other home-made show, incidentally the only prime time evening show on London screens actually made by the capital's week-end contractor London Weekend Television—was a repeat.

At times like this, one suspects the main reason why the Government does not have quarterly television licences, like quarterly car licences, is that no one would want them from April to September.

That remark, however, is very unfair to the American programmes which are being bought. The fact is, of course, that most of them are very good indeed, fulfilling the role for which they are made to near perfection.

So what is that role?

American television differs from the British in a variety of ways. The role of British television is, in theory, to educate, inform and entertain its viewers. The licence fee pays the BBC to do this, the advertisers pay ITV to do it under close supervision by the IBA. The role of American television, putting it crudely, is to deliver an audience to the advertiser. The bulk of American prime time television has only this object in mind.

America's prime target customer is the married woman between 25 and 50 and a large slice of shows to be seen on American television screens is aimed right at producing her for the makers of everything from soap powders to hair shampoos. *Rhoda*, *Laverne and Shirley*, *Happy Days*, *Love Boat*, *Starsky and Hutch*—all are aimed at her. As is the day packed with quiz shows done on a lavishness of scale which would turn the UK equivalents to shame.

These programmes are not normally made by the television companies. Like our own soon to be created Open Broadcasting Authority, the American networks act mainly as publishers, buying in work from independent production organisations although it is often work directly commissioned by them. The "pilots" of these shows are on display to the networks early in the year, they buy more than they need and show the pilots on their screens. If the audience reacts well the networks take up their options and invest in a series. If the first few of the series go well, then all concerned with the new product are on the gravy train. *Love Boat* was one of the few new series to survive this process last year, and only did so by the skin of its teeth.

Naturally enough this system is entirely self-liquidating within the U.S. Revenue from abroad is simply nice extra profit. Thus, when the American salesmen come to Britain, or meet them on the Croisette during the big television festival in Cannes, they are to offer proved audience winners at a relatively low cost—certainly lower than it would cost the British to make their own shows with probably less chance of pulling in the ratings. The price paid by British TV bears no relation to the original cost of the show. The BBC simply could not afford to make 52 weeks of *Kojak* a year.

The question is, whether it should try.

If the British programme companies were to attempt to fill completely the void which would be left by the withdrawal of American mass entertainment shows it would place a disproportionate strain on their resources. There is little point in trying to make a local *Wonder Woman* when this coy gem of sexploitation can be acquired elsewhere, especially if it means that the money saved can go on other things—although preferably not two successive Saturday night quiz shows.

The real task is to ensure that foreign material does not take over our screens at crucial times, as it demonstrably did last weekend. By the way, the BBC showed at least seven repeats during Saturday and Sunday evenings, also managed seven films during the weekend and even one of the original shows was a co-production with Germany. Could it be that the money which the corporation has just spent on buying *The Sound of Music* for future viewing (after ITV backed out of the bidding) could have been better spent?

*

An indication of inventive ways in which high budgets can go on British-made programmes for summer showing can be seen in a couple of Thames productions of totally different nature—*Out* and *The Kenny Everett Video Show*—both shown on Monday nights. *Out* is cuttingly sharp with a bit more depth to it than much of the imported stuff, and Everett provides an entertaining look at the often pompous world of pop.

However, whether Thames have a sustainable show in Everett remains to be seen. Inventiveness is an awfully burdensome label to carry and, while the boyish zest of our Kenny may be more than enough to lift a regular radio programme above the competition, television could exhaust his singular resources quite quickly. I hope this note of pessimism is misplaced, but the chicken joke should go before it becomes an old broiler of a time-filler. But please don't take out the naughty bits; at last someone has done something about TV dance teams.

Oddly enough the stodgy part of the Everett show is the music he plays—good solid yesteryear hit parade material. It is the sort of thing you talk through while you wait to see what Everett will do next. This is quite the reverse of ATV's late-night pop programme, *Revolver* (Saturday). This time the music does often have something novel about it but the viewer has to fight his way through frenetic adolescents struggling to thrust their cropped heads and clenched fists into camera view. No wonder Peter Cook, who links the show, looks embarrassed. I cannot imagine that his fans would want to sit through the music, nor that followers of the punk rock scene are particularly entertained by Mr. Cook. A dreadful mish mash altogether.

Kenney Everett

Camden Arts Centre

Zoshigaya Cemetery in Tokyo

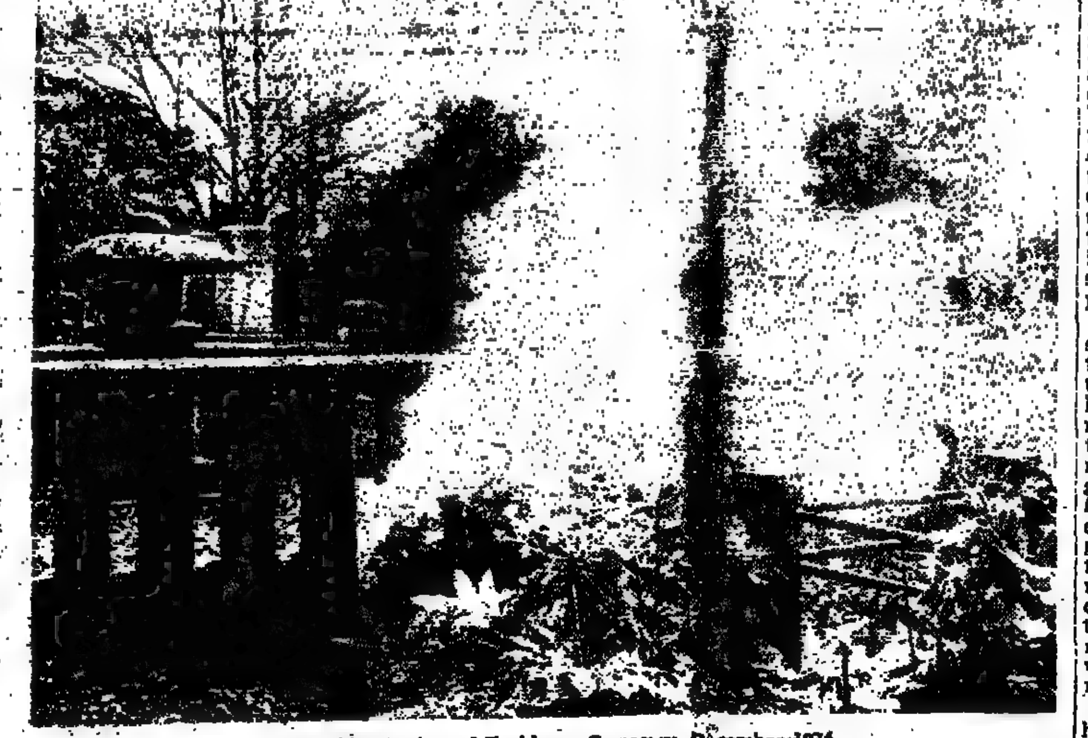
"Visiting the Graves in Zoshigaya Cemetery," the title to the poem by James Kirkup, gives an exact description of the sequence of photographs by Birgit Skiöld now to be seen at the Camden Arts Centre (until August 9), a gentle, personal record and evocation of what must be an extraordinary place, and a conscious response to the poem.

Miss Skiöld is a print-maker and painter who has always looked for her material in the natural world, finding it particularly in the abstract imagery of organic growth, rhythm and pattern. In recent years her work has grown simpler, the more obvious decorative motifs giving way to a quiet and regular minimalism, bands and waves of white on white lying just on the borders of visibility, carried through with a precise and exquisite refinement. And, given such pre-occupations, it is hardly surprising that she should have found the temple gardens of Kyoto immediately and profoundly stimulating, a direct and lasting influence on her work. The raked sand, the patterns of light and shadow upon the trees and boulders, all find their echoes in her paintings and drawings. But, rather more than that, through a parallel interest in photographic techniques in etching and lithography, that source material has been actually absorbed into the fabric of much of the work, marking a return, at least in part, to figuration.

At Camden, however, we are shown this reference for its own sake, standing in its own right, and very beautiful the photographs are. Smoke drifts up from the bonfire of fallen leaves heaped together in the centre of the pathway; stepping-stone paths thread their way between neat and rounded bushes; tombs sprout enigmatically amidst the foliage; sign posts and inscribed markets are stacked casually in a corner; water runs and drips; a bamboo ladle lies discarded on the stone well: all is very quiet, and rather matter-of-fact, a still autumn day shot through with poetry.

Running with this exhibition, and filling the entrance hall, is a photographic tribute to Henry Moore by Errol Jackson, who concentrates on the artist at work, in and out of his studio, at home and abroad. It can only serve to send us straight to the work itself, with so much of it now on show in London: this is, after all, Henry Moore's summer.

WILLIAM PACKER



Birgit Skiöld's view of Zoshigaya Cemetary, December 1976

Stephen Joseph, Scarborough

Travelling Hopefully

Alan Ayckbourn believes that comedy should not exclude the pain of living. His least successful play in commercial terms, *Just Between Ourselves*, recently seen on television (it only had a nine months' run in London) ended with a woman made speechless by pain, shutting off its own skilfully aroused laughter and sending the audience home in a stunned silence. If his Theatre in the Round at Scarborough, where his own plays are first performed, and where incidentally the original production of *Just Between* was so much finer than the starry one in the West End, has a policy it may be seen as a policy of combining comedy techniques with painful exposure of human behaviour.

The season also includes *Travelling Hopefully*, a new play by Ken Whitmore, the Potteries-born playwright best known up to now for his work on radio. It has been directed by Mr. Ayckbourn and like his own work it tries to find farce in the unbearable. The milieu is his own favourite one of modern middle-class suburbia, where two young couples have separate flats in the same house and are visited far too often for comfort by each other and by their parents. We see the flat of the younger of the two couples, were the acting area is split between the bedroom and sitting-room in David Millard's setting; the Moons, Fay and Brian, are about to celebrate their anniversary by having the others in for drinks.

The party is over-shadowed by the fact that this young woman's life has been plagued by illness ever since she caught whooping-cough in her pram during an Aldermaston March. She suffers not only from a hole in the heart but also from a serious lung condition. Illness has made her a child-wife who decides to stage a demo demanding adult status in the middle of the party. Fiona Matheson captures her breathy irresponsibility, switching from spoilt girl to violent over-protected woman in a string of startling transitions.

But having drawn one original character, Mr. Whitmore surrounds her with several from stock, such as the aggressive mother-in-law (Shelagh Stuttle) and the failed journalist who is a rabid dog-hater (Robert Austin), and the author treats them to as large a helping of the plot as his heroine. This results in a play which certainly gets plenty of laughs, but seems over-long and uncertainly constructed.

Still, in its best scenes, those which concern the young marrieds, it does contain excellent work. Fay's husband (Robin Murphy) is a cunningly conceived little monster of a do-gooder, while their friends and neighbours, subtly characterised by Alison Skilbeck and John Arthur, offers a neatly contrasting set of problems.

ANTHONY CURTIS

Prague

Send in the Clowns

by FRANK LIPSIUS

For those who do not know Prague, it is hard to conceive that it might be the most beautiful city in Europe. But its preservation of every architectural style going back to the middle ages seems to have induced each generation to make its own best contribution to the city. The only middle-European democracy before the war, it inspired envy and dislike among its neighbours; still, the hard-working, beer-drinking Bohemians have managed to maintain their prosperity and diligence throughout their political vicissitudes.

The present government is now hard at work in architectural restoration and renovation. The city remains prosperous with residents crowding into new shopping centres early on Saturday mornings while the streets are given over mainly to tourists. Hotel lobbies are strewn with little orange advertisements for a Prague summer party which consists primarily of an um-pah brass band playing music from the 1930s on afternoons in the central square of the medieval town. Elsewhere the town is quiet, presided over by the castle on the hill, where the major tourist attractions, the outstanding buildings and art galleries, sit among the home of the president of the republic.

Since my visit two years ago, scaffolding has come to envelop the church on the east side of the market square. The medieval house next to it has had its whole roof removed with disconcerting thoroughness and only planks mark its original outline. The grave of Rabbi Low has been fully restored in the old Jewish cemetary while one of the synagogues has been closed, having to do, I was told, with the removal of the gold fixtures and decoration to add to the state treasury. One area of the castle ramparts has been reopened while another is closed for restoration.

Because of its recent political history, Prague remains one of the few cities where one can still have preconceived notions and look for the appropriate symbols for them. If the guards in front of Hrad castle look like they serve a double function guarding the president and the past, their youth and modest khaki shirt sleeve uniforms seem inadequate to either symbolic role. Perhaps as a convenience to visiting journalists, a symbol for the city's cultural life is now ensconced on a hill behind the castle, in the form of a visiting east German circus. Circuses and clowns are running all over the place in Prague theatres, most of them not meant for children.

I went to a production of Svoboda's, thinking his *Wonderful Circus* would re-create some of the multi-media wizardry that he performed, at the Montreal Expo in 1968 and in his short, dramatic history of Nuremberg that plays in that city's restored castle. Instead, his multi-media antics are confined to rather tame impersonations of a real circus, with two clowns cavorting in the filmed backdrop of a circus tent. Without being particularly meant for children, it is childish, mildly amusing when Botticelli's Venus emerges on her shell from a film of the ocean. It improves when the two clowns go careering on a ladder that stands in front of a film of a swerving ride on a country road. They tumble off the ladder and into the film while an old-time photographer who was in the film comes alive on-stage. Compared to Svoboda's other works, this makes an insipid, unfortunate introduction to his activities for the foreign tourist for whom it was no doubt intended. I noted that later in the month the same theatre, the Laterna Magica, will be premiering the American play, *Kennedy's Children*.

Still in repertory at the Rokoko Theatre is Kratochvil and Cabalka's *The Clown*, a mildly amusing event of aimlessly wandering made-up characters which I saw two years ago. The play features a cute woman got up as a clown playing the stooge to an older, male clown, with tricks performed by iridiscent figures on a blackened stage.

The city has a small number of theatres—only about a dozen—but they keep a large repertoire. The best theatre in Prague is considered the Vinohrady which, for example, had 11 plays appearing in the month of June, including the premiere of George S. Kaufman and Moss Hart's *The Man Who Came to Dinner* and three plays with only one performance in the month. One of the three, Kovacik's *The Inn Under the Green Tree*, is a recent Slovak play about wartime collaboration with the Nazis. The repertoire also includes Hubac's adaptation of Hemingway's *For Whom the Bell Tolls*, Tolstoy's *Czar Fiodor*, *Hamlet*, and an East German monologue about Goethe's mistress waiting for him to marry her, called *A Conversation at the Stein House*, by P. Hacks.

No longer being performed is a play I saw on my previous visit, *Capricious Summer*, from which Milos Foreman made his film. The play has all the delicate, whimsical qualities of the film, with the strong trapeze artist and his beautiful blonde assistant (again the circus) easily convincing in their conquest of all the hearts of all the men in the seaside resort where they come to perform. The theatre also had a little-known American play, *King Rat*, which portrayed American soldiers snarling at each other in a jungle bivouac. A revolving stage showing all aspects of the rough-wod encampment and snarling, hairy-chested men made an admirable impression of the he-men portrayed.

For the symbolically-minded, the ultimate in clowns is in *He Who Gets Slapped*, at the Dramatic Arts Club. The forced smiles on a clown who will eventually commit murder and suicide are the subject of Andreyev's best-known play. In this production, bonhomie and skilful acrobatics hide the tensions lurking in the presence of this masochistic, mysterious clown, the one who has no other name than "He who gets slapped." The company is active and attractive. They make the backstage appear more fun than the circus itself could be. The variety of roles — from the wrestler to the ballerina—adds to Andreyev's dramatis personae and to the happy world that will witness the clown's tragedy.

Charlotte Cornwell and Diana Quick

Leonard Burt

Aldwych

The Women-Pirates

by B. A. YOUNG

The pirates, whose names are included in the title if you have the patience—and patience is a quality you need a packet of at this play—are Ann Bonney and Mary Read. They are not pirates in the first act of Steve Gooch's ill-knit script. Ann is the illegitimate daughter of an Irishman who becomes a planter in Charleston. She passes her time with smugglers and pirates rather than her well-born neighbours and goes to sea with her favourite pirate Calico Jack Rackham. Mary, brought up as a boy, serves as a private soldier in the army but falls in love with a Flemish corporal, marries him and keeps an inn. When he is lynched by fellow-Netherlanders for a reason not very clear to me, she dons her breeches again, signs on in a merchantman and is captured by a pirate vessel.

The play begins after the interval, when we have at last settled down on a pirate ship where Ann, still openly female, and Mary, once more sailing under false colours as Mark, are among the crew. Mary reveals her sex when Ann falls in love with her; the secret is entrusted to Calico Jack, and Calico Jack lets it out at once. Like the pirates in *Hamlet*, these are thieves of honour. Neither girl is raped, though they get themselves pregnant when it looks as if the Navy will catch them, which the Navy does in a laughable array of carefully falling canvas.

I cannot for the life of me understand what can have persuaded the Royal Shakespeare Company to mount this atrocious play. Mr. Gooch's dialogue is stiff and lacklustre, and though the period is early 18th century, words and phrases from our own time are constantly used. Lest you should think that this is done to introduce a natural timbre in the speech, I should also report that an army sergeant says "The devious paths of your mind never cease to amaze me, woman." Worst of all are the quasi-Brechtian songs that frame each scene, songs in such naive verse that I cannot think how Guy Woolfenden can have been moved to add such subtle music to them.

Nothing could save such a play but an outstandingly brilliant production; but if it be possible, the production under Ron Daniels is worse than the play. The company shout their lines like amateurs. The fights, of which there are a great number, are devised (by B. H. Barry) tediously and cumbersomely. Ridiculous detail constantly obtrudes—Calico Jack backing down the companionway as if he had never set foot on a ship before; the ship's wheel left unmanned; the cleanness and tidiness of the deck. *Peter Pan* is infinitely more exciting than this, and indeed has more to say, though Mr. Gooch dutifully introduces a hint of women's lib and naturally suggests that the judges who try the pirates and sentence them to be hanged are themselves dishonest.

For an expensively-subsidised company trading under the name of the world's greatest poet to put on rubbish like this is a disgrace. As it happens, circumstances have kept me from more of their productions this season than I would like; but on the strength of what I have seen I suspect that the company is going astray. Should they really concentrate so on low-life stories? And should they not be training their young directors up to direct Shakespeare? In the current season, Barry Kyle is the only new director in charge of a Shakespeare play, unless you count Michael Bogdanov, who has a whole-time job ahead of him running the Young Vic. In due course I hope to catch up with some of what I have missed, and I shall return to this subject later on.

New Radio 4 'Talking Law' series

High Court judges break silence for the first time to talk about their job, and themselves, in a new BBC Radio 4 series, *Talking Law*, beginning on Saturday, August 12.

They speak of the dangers of complacency and irritability; of falling into the trap of self-importance; of whether they lie awake at night worrying about the sentences they have imposed.

Speakers include Lord Chancellor Elwyn-Jones, Lord Hailsham, three High Court judges, Sir Sidney Templeman, Sir Gordon Slynn and Sir Peter Pain, and the Senior Judge at the Old Bailey, James Miskin.

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It is better for some

THE Confederation of British Industry sees no cause after its latest sounding of industrial trends to dispute the Chancellor's projection of a 3 per cent rate of economic growth this year. But, like many other observers, it expects the upturn to lose impetus next year and it is disappointed to find manufacturing industry sharing so little of the recovery so far. Most of the improvement, it suspects, has been experienced by other sectors, such as the distributive trades and the North Sea oil sector. In manufacturing industry, as a whole, the trend of new orders has changed very little in the last four months.

First benefit

This is more than disappointing. The two main sources of rising demand have been consumer spending, where recovery set in almost twelve months ago, and industry's own investment spending, where the upturn be*gan to come through rather* earlier. Increased expenditure in these areas has filtered into the orders hooks of companies making consumer and industrial goods.

The latest CBI survey shows a big improvement in orders in the paper, packaging, and printing and electrical consumer goods industries, the sectors that one would expect to be among the first to benefit. But the CBI says that this is the only clear indication of the revival in retail sales having an impact upon manufacturing industry. The benefit has yet to percolate through to the intermediate industries. Chemical manufacturers report increased orders but this is largely put down to stock-building. More generally, the CBI finds evidence of a tendency to reduce stocks in recent months and there are indications that this might continue—although past experience suggests that such forecasts have not always been fulfilled.

The clear implication is that at least part of the recovery in demand is continuing to be met by imports. It had been thought that the initial sharp increase in purchases of consumer durables, many of them imported, would level off and the smaller growth in imported manufactures in the second quarter of this year could have been taken as possibly bearing this out. But the latest estimates of consumers' expenditure suggests that spending in durables is continuing to grow.

On the brighter side, the latest survey has led the CBI to be somewhat more bullish than the Government's own forecasters about industrial investment. Provided present *intentions are fulfilled, it* expects the volume of private manufacturing investment to rise by about 10-12 per cent this year and by a further 10 per cent or so next year. This implies a 40 per cent increase over a three-year period. Against a background of low profitability and depressed demand, this is an encouraging prospect especially as much of the extra spending appears to be aimed at greater efficiency. *Although here, too, there are* obvious implications for the import bill.

Main constraint

The immediate outlook for exports also appears to be a *little healthier, with industry* finding price competitiveness marginally less of a problem when the survey was taken last month. However, the recent recovery in sterling parities may not have been fully reflected in *companies' replies to the CBI* questionnaire. Moreover, the survey shows that high relative prices remain far and away the main constraint on industry's exports, far more so than in most of the survey's previous 14 years.

With the outlook for world trade probably becoming less promising next year, it is clear that much will depend upon a moderation of pay settlements during the next wage bargaining year. Inflation is likely to remain in single figures in the coming months, and the CBI survey finds cost pressures in industry at their lowest level for five years. But this will not be sustained next year, nor will the hopes of a modest further recovery in economic activity, if the present rate of wage settlements were to continue.

Debts of the poorest

THE developing countries that have been hit the hardest by the slowing down of the world economies since the oil crisis of nearly four years ago have been *the* poorest. Increased flows of aid have not offset the rise in their oil bills and their weaker export performance. They have had less access to the commercial markets to finance their current account deficits. The *burden of repaying past debt* has fallen heaviest on them because of the lack of resilience in economies so dependent on agriculture and primary commodities.

Bold gesture

Recognising these special difficulties industrialised nations agreed in principle in March to write off the outstanding debts of the poorest by converting past loans into grants though it was left to each donor nation to choose the timing and the means. Some countries such as Sweden, Switzerland and Canada had already taken similar steps of debt relief. But the package announced by the British Government yesterday waiving payments of up to £60m a year on a total of £900m of outstanding debts is by far the largest such measure to date and the first to redeem the pledge made in March. It is a bold gesture of aid spoilt only by the long delays in announcing it which have inevitably diminished its impact in the third world.

Were other industrialised nations to take similar action to benefit the poorest countries—defined as those with incomes per head of less than \$250—the cost to them would only be about \$460m a year. Proposals for coordinated action were under consideration before the Bonn *summit but failed to see* light of day. Mr. Richard Luce, the Conservative spokesman on aid, touched on a real worry to many of the industrialised countries when he said that the yardstick of income per head was a very unsophisticated measurement of who should benefit from debt cancellation. Nonetheless such a yardstick does match up to the generally accepted goal that aid should be directed to the poorest. The Japanese, who have difficulties with any form of debt relief, are preparing to make an equivalent gesture through direct aid. The U.S. and Germany are considering what action they might take.

The British measure does not represent an additional transfer of resources. The cost of the debt repayments to be waived will come out of the existing aid budget. But it does mean that a slightly smaller proportion of *aid will be tied to the purchase* of British goods. It was because of this potential loss of exports and of jobs that the measure came under attack within Whitehall. But the figure of 2,400 jobs potentially lost *being mentioned on Monday is* hypothetical and rests on several unquantifiable assumptions.

The gain lies in the increase in funds for the financing of local costs incurred by governments which cannot find sufficient domestic revenue to carry through development projects. In the case of India the absence of British support for local cost financing so far has been rightly condemned as contradictory to the UK Govern*ment's official backing for rural* development schemes of assistance to the poor which, however, require minimal foreign exchange expenditure.

Defaulters

Debt relief measures for the poorest countries do not touch the heart of the problem of developing country debt. According to estimates of UNCTAD, total commercial and official debt of developing countries *may have reached* \$340bn by the end of last year. Most developing nations have sensibly abandoned demands for generalised debt relief—a step which reflects the widely different positions of Brazil, Mexico, Pakistan and Sri Lanka for instance. But industrialised and developing nations now need to work out in more detail the principles they agreed on in March for helping countries that default or run into severe balance of payments difficulties. They also need to look more seriously at proposals being put forward within the UN Overview Committee for longer-term finance to carry countries over periods of protracted recession and to make possible their long-term investments.

The council housing debate starts to take off

BY MICHAEL CASSELL, Building Correspondent

THIS week's attack by the Labour Party on the way in which Conservative-controlled local authorities are selling off their council houses has again highlighted the deep divide which separates the two major parties on housing matters.

Accusations from Transport House that Conservatives are indulging at local authority level in "indiscriminate and unfair" housing policies have provided a clear pointer to the way the debate on housing will shape up in an election campaign.

There is a popular misconception that with the Labour Government's gradual, some would claim almost grudging, conversion to the concept of home ownership on a much wider scale than in the past, there is little left to choose between the two parties on this particular subject.

But the way in which the Labour Party this week chose to react to changes now being implemented by the Conservative-controlled Greater London Council demonstrates just how far apart the two sides remain.

Mr. Frank Allaun, MP, chairman of the Party's housing committee, and Mrs. Gladys Dimson, the GLC Opposition spokesman on housing, joined forces at a Press conference—principally held to call for changes in policy involving council house sales—to single out the GLC and condemn its new approach to housing problems in general.

Mrs. Gladys Dimson, GLC opposition spokesman on housing, and Mr. George Tremlett, chairman of the Tory council's housing policy committee. In the background, but in the foreground of the council housing sales row, is Wandsworth's expensive Queensmere Estate.

Special case

That the GLC was singled out as a target is not surprising as it is, in many ways, a very special case. The Council, which exercises direct control over nearly 250,000 homes, fell to the Conservatives last May and one of the first areas chosen by the new administration for a fundamental reappraisal was housing.

Since then, the GLC has been used as a housing policy showcase by the Opposition at Westminster, who have few such opportunities to show their ideas in action. To the Labour Party and the Government, how*ever, the new-look GLC provides* irrefutable proof of the failure of Conservative thinking on housing affairs.

A meeting in June at the GLC's headquarters between leaders of the Council and the *18 Conservative-controlled Lon*don boroughs agreed to push ahead with plans to offer for sale all the 487,000 properties which, between them, their councils owned.

The presence of Mrs. Thatcher at what was described at the time as "the biggest meeting . . landlords the world has ever seen," represented the most powerful endorsement available for the new strategy. In the eyes of Mrs. Thatcher and her *colleagues, what the GLC does* in housing today, the rest of the *country may soon be encouraged to follow.*

Neither the GLC nor any of the other London boroughs with Conservatives at the helm be*lieves* for one moment that every tenant will want to buy his or her own home. They accept that for many the purchase of their house or flat may be neither practical nor desirable and that local authorities have a continuing role to play in the provision of housing for a section of the community.

But they do believe with equal conviction that tenants should at least be given the opportunity to buy. It is a point of view with which many, though certainly not all, Labour members of the GLC and of the national party itself would agree. But they will not accept any sales policy which they be*lieve to be conducted directly* at the expense of other tenants' freedom of choice, an accusation they level at the GLC.

It is largely on the issue of freedom of choice that the housing debate at local and national *levels will be conducted: on* which Party can best hope to provide the widest possible choice, so that people can decide what suits them best.

Mr. George Tremlett, the chairman of the GLC housing policy committee and who has attracted the bulk of the GLC opposition's anger, is not apologetic concerning the Conservative concept of freedom in housing and for the way he is translating it into action.

One of the first steps Mr. Tremlett took after moving into the office of the largest landlord in the Western world was to put the GLC's own 230,000 properties on the market. If either of the two major parties is *seeking* to use the response to his initiative for propaganda purposes, the results have so far been disappointingly inconclusive, though they have not prevented the usual claims and counter-claims.

The latest figures show that, of the 70,000 GLC tenants in houses, about 15,000 have said they wish to take the opportunity to buy their homes. Another 17,000 tenants living in the GLC's 160,000 flats also wish to purchase.

The GLC believes that, of the 32,000 tenants and their families who have so far said they intend to buy, a substantial number will, for a variety of *reasons, drop out, though not* necessarily permanently.

So the Council is working on the assumption that by April next year, the date when it plans to transfer the management of its entire housing stock *to the borough councils, it will* actually have sold about 10,000 homes.

Mr. Tremlett says that the total so far is approximately what was anticipated and that many more sales will follow. Mrs. Dimson, who was herself responsible for London's public housing stock until 1977 says the policy has been "a dismal flop."

She contends: "The response has failed to match up to the Conservatives' expectations. *Now they are adopting high* pressure sales techniques and spending huge amounts of money to encourage people to buy.

"They are trying to tempt people who really haven't thought of buying on the basis that few will be able to resist a good bargain. The trouble is that a bargain for one will mean a bad deal for others.

Tempting people

"It has been established beyond doubt that what London needs most of all is houses and flats in good condition to rent. It just does not make sense to sell off homes for which thousands are waiting and hoping. I am a long-standing believer in home ownership—*a Labour GLC supported it by* making mortgage funds available — but the Conservatives' approach is senseless and wrong. They are selling off the community's assets at bargain basement prices."

Mrs. Dimson says that over 38,000 GLC tenants are awaiting transfer to another property, most of them hoping for a house with a small garden. Conservative policy, she claims, is to sell off the most attractive housing and leave the remainder in public hands; local authority housing would become nothing more than welfare housing.

"By the end of June, the Council had completed 1,000 house sales, each and every *single one with a garden. Now* people wanting to be transferred to such a property are being told by letter that they will not be able to because of policy changes."

Mrs. Dimson, who backed this week's call from the Labour Party national executive committee for an end to discounts on council house sales, cites examples *of* what she described as "madness at County Hall." Houses in Islington, she says, which cost between £37,000 and £40,000 a unit to build, are to be sold off for around £20,000-£22,000.

According to Mrs. Dimson, homes on the smart Queensmere *Estate, located on the Wands*worth-Merton borders, are lying empty and for sale at £35,000 each while Wandsworth's housing waiting list remains long and people are provided with emergency accommodation in *hotels.*

"We know these houses will not break even at first if they are rented out, but it is lunacy to lose £20 a week in security charges and potential rent and rates income.

"The irony is that people who can afford houses in the price range involved do not want to live on a big estate like this one. I doubt if they will ever sell, despite the fact that the Council has already reduced them in price.

"To make matters even worse, once old houses become vacant, the Council is not re-letting them and holding them for sale."

The Conservatives who say there are 1,400 houses for sale and empty across London, are unmoved by such attacks and claim they are attempting to restore financial sanity to a situation in which rate and taxpayers have been asked to shoulder wholly unacceptable costs for previous *folies de grandeur* on the part of previous GLC housing chiefs.

At the same time, they are pressing ahead with their plans to transfer the GLC's estates to the boroughs, a move designed to "clear the decks" for fundamental changes in the Council's primary role.

Closer to tenants

This transfer of approximately £1bn of public assets is seen by the Conservatives as a non-political act, aimed at bringing housing management closer to the tenants. *It is intended that* the devolution of responsibility will lead to more effective housing management, enabling local councils to respond more *quickly and appropriately* to local needs. It is clear, however, that not all boroughs will comply and that, like it or not, the GLC will have to keep some of the housing—largely in the inner boroughs — under its control.

The GLC, according to its present rulers, should be a strategic authority, freeing tenants from the grip of a large, centralised bureaucracy and giving itself the room to consider wider issues. The new-look authority, say the Conservatives, will be able to stimulate people into solving their own housing problems, make finance available for home ownership, encourage equity sharing and co-operatives and raise resources for the inner boroughs with the most severe housing problems.

While the strategy takes shape, the Conservatives continue to press on with other *controversial elements of their* housing policy. They refuse to contemplate a return to house building in the outer boroughs and have cut all new GLC housing output to around 2,000 units a year from the 6,000 level they *found when they took over.*

In addition, the Council hopes to provide a new start for about 1,000 families by offering them, under their "homesteading" scheme, sub-standard properties which would otherwise remain empty.

The GLC Labour group regard the scheme as largely irrelevant to the central issues. They, along with their Party nationally, are pledged to fight first and foremost against any move to downgrade the function and status of the public housing sector, which they believe has an undeniable and indispensable role.

MEN AND MATTERS

Tower power at long last

After 14 years of whistling to keep its courage up, NatWest now feels confident that the City's sceptics will have to admit they were wrong about the bank's £72m, 52-storey tower. Most confident of all is *Stewart Platts, NatWest's* Senior International Executive (Strategic Investment); as head of the international division, he has settled that his office will be on the 35th floor—and expects to be surveying the scene from there by September next year.

A recent report that NatWest had decided to let out the tower is firmly denied, despite the "opportunity cost" that occupation involves. The 2,500 staff of the international division will occupy the whole of the building: at the moment the division is scattered in 14 departments throughout London. The tower, architecturally conceived by Colonel Seifert as long ago as 1964, was expected to cost £30m when building finally began in 1971; inflation has taken its toll, so that NatWest today owns what is undoubtedly the most costly office block in Britain.

"Our tower is no Centre Point," said a NatWest spokes*man* yesterday—referring to Seifert's other most controversial design. He also rejected *suggestions* that some of the head office staff—which will be staying in the Victorian grandeur of Lothbury—were unwilling to move into the tower. In putting its international division right in the *centre, NatWest is following a* diametrically opposite approach to Lloyds, which has "exiled" most of its international staff to Birmingham. Likewise, Barclays has moved its comparable division to Poole.

One conundrum remains. It is said that the ground-plan was *shaped—for the benefit of pass*ing airline pilots—like the NatWest symbol. But since the symbol was not designed until years after the building, per*haps it happened the other way* around. Nobody at NatWest will say.

Montreal moves in

The Canada Development Corporation (CDC) yesterday completed the purchase of two word-processing companies with marketing subsidiaries already powerful in this fast-growing field in Britain. The corporation, founded and financially controlled by the Canadian Government, has bought Automatic Electronic System of Montreal and Wordplex of California. The companies will be merged in this country under the managing directorship of Harry Mallinson, a lawyer and civil engineer turned computer expert.

Mallinson agreed when I suggested that the takeover was an interesting international move by the CDC. "But I think this is the direction in which national organisations will have to go." He said the word-processing market was "explosive." The prediction by IBM, *a main rival of AES* Wordplex, is that word-processing growth will be bigger than data processing in the next decade. Mallinson is a Yorkshireman who spent 20 years with British Rail before moving into private enterprise. He forecasts that his combined operation will have a turnover of £4m this year and double that in 1979.

What about the Japanese? Mallinson says that word-*processing, for very basic* reasons, is one area where companies in parts of the globe using the western alphabet have an inherent advantage.

Sip it and see

Quirst, a new soft drink launched in the States by the Seven-Up Company, carries this important statement on the beverage cans: "Natural lemon *flavour. Contains no juice."*

A spokesman for Seven-Up says, "If people want juice, they can buy juice." Just to prove that there is no limit to the wonders of science, the company permeated the pages of its *last annual report with the scent* of lemon.

More transatlantic drinking news: powdered cocktails will be test-marketed in California. The Sureshot brand, offering six different tastes, needs only the addition of water to produce—so it is claimed—the perfect cocktail. Global Marketing Service of Seattle is promoting this instant tipple, and is forming a European subsidiary. The powdered alcohol used was de*veloped in Japan.*

Guns and dreams

An advertisement appearing in the local daily paper has just been sent to me from Bulawayo. It well conveys the sad mixture of fantasy and brutal reality in which white Rhodesians have to live. The advertisement is by a sports goods shop, renowned in less troubled days for its stocks of cricket bats and golf clubs. Under the heading "Wishful Thinking . . ." is the story of the man who keeps telephoning the Foreign Office in London and asking to speak to Dr. David Owen. Each time he is told that "Dr. Owen is no longer in office." Finally, after an altercation with the operator the caller explains: "I just can't hear the news often enough!".

Printed directly beneath this is a picture of a handgun, with a white *finger* on the trigger. The caption says: "Another consignment of the popular LDP machine pistols at only \$175 are due in at any moment."

Word perfect

Putting up a hotel in Pakistan is a painfully slow affair. Shortages of equipment and local *building methods make the* months and years slip by. The Hilton Group has had a five-year struggle in Lahore.

So there was rejoicing in the capital, Islamabad, when a fortnight ago the Holiday Inn *opened its doors. The place* is still incomplete, but is swarming with staff all eager to help. In a bid to speed completion, everything has been done "by the book," following detailed instructions sent from the U.S. *Whoever was responsible* for transport took the "book" literally. Gaily painted in the chain's yellow and green colours, the hotel van bears the wording: "Holiday Inn—Your City Here."

Simple answer

An East End schoolteacher tells me that when a small Cypriot boy came to her class for the first time and she asked him his name, he said, "Aristophanes." "And how do you spell it?" she said—and received the reply, "My mother helps me."

Observer

Cotton's case for a Little Neddy

BY RHYS DAVID, Textiles Correspondent

NOT FOR the first time the Lancashire textile industry has handed a fairly tricky question to the Government. A constant gadfly over recent years—with its demands for tighter import controls—the industry has now put in a formal request to the National Economic Development Office and the Government for the creation of its own Economic Development Committee.

The request is now being mulled over, following the London meetings at which a joint team representing the British Textile Employers Association (BTEA) and the trade unions put their case. But it will clearly present some difficulties. On the one hand the granting of EDC status to the Lancashire industry, which as everyone knows has been declining all this century (from a peak of 710,000 jobs before 1914 to only one-tenth of that figure now) would hardly fit in with the Government's policy of selecting growth sectors as motors for the economy.

On the other hand, the Government has given frequent assurances that it sees a future for textiles, and, to help secure this, it put safeguards for Lancashire at the top of its list of priorities in the GATT Multi-Fibre Arrangement negotiations at the end of last year.

The application has not been made to embarrass the Government, however, but in the belief that the industry would benefit from the setting-up of machinery able to examine its problems and prospects and devise a strategy for the future.

The move has been under discussion for some time within the industry and sceptics on the employers' and union sides have had to be persuaded that it would not just lead to the creation of more bureaucracy. Recently, however, the feeling has crystallised that for a number of reasons, the timing is about right for a new initiative of this sort.

First, the signing by the EEC of bilateral agreements with all the major low-cost suppliers of textile products has provided the whole textile industry, not only that in Lancashire, with a new starting point. This is in spite of the fact that some erosion of the various quota restrictions laid down by the Community now seems inevitable, as in the recent concession to Portugal.

Stable

Nevertheless, there is the prospect of restrictions beginning to make themselves increasingly felt during the five-year life of the bilateral agreements reached by the EEC with suppliers, creating more stable conditions for the Lancashire industry than have been seen for some years.

Equally important, in Lancashire eyes, is the evidence that the EEC is beginning to take an increased interest in the way individual sectors are using the breathing space to restructure themselves for the 1980s, when in theory there could be a return to more open trade in textiles. There is a feeling in Lancashire that unless the industry takes steps to draw up plans of its own for the future, the decisions could be taken for it in Brussels.

There are also other important tasks which it is felt could be better handled through strengthened joint machinery bringing together government, management and unions. The MFA agreements need constant monitoring so that action can be taken when quotas are filled or loopholes exploited. Although the Government has its own surveillance system the work of prodding officials into action usually falls to the industry, in this case the BTEA.

An EDC with greater resources to draw upon would be in a better position to take on this work and more likely to secure earlier action, it is being argued. At the same time it could also try to ensure that the industry itself responded to the new market situation presented to companies as a result of the greater degree of protection now enjoyed by the UK and EEC markets.

The example which springs to mind is that of wool textiles in Yorkshire where the industry's comparative success over recent years in adapting to difficult market conditions is seen at least in part to be due to the efforts of its EDC. The sector, as a result of groundwork done by the EDC, was the first to be given an aids scheme under the 1973 Industry Act, and over the past five years it has re-equipped and moved into new market areas. The EDC has set the industry targets for home and export markets and has monitored progress.

There remains one other important reason why the Lancashire textiles industry believes an EDC could play a valuable role. It is now some time since a major review of developments within the sector during recent years has been undertaken. Yet important changes have occurred from which a number of lessons could be learnt.

A major part of the sector's current problem is undoubtedly its 19th-century image. In most people's minds the industry is almost certainly associated with old mills, poor working conditions, and a constant battle to survive. No one in the industry would want to argue that the decline of recent years has not been serious. Because Britain has been involved in importing on a much larger scale than the rest of Europe from low-cost countries and for a longer period the industry has shrunk to become a smaller producer of yarn and fabric than any of its main European competitors.

Yet, because of all these pressures, the industry has in some ways been obliged to take steps in advance of its Continental counterparts to adapt, and in some respects the industry now has a more modern structure than its rivals in Europe.

The most important general development has been the large measure of rationalisation which has taken place, coupled with a search for new or more specialised activities. Though there are still several score independent spinners, weavers, dyers and finishers, most of the industry's output is in the hands of big groups such as Courtaulds, Tootal and Carrington Viyella, with interests not only in Lancashire but in other sectors of the UK textile industry as well.

'... Because of all these pressures, the industry has in some ways been obliged to take steps in advance of its Continental counterparts to adapt, and in some respects the industry now has a more modern structure than its rivals in Europe.'

More than 400 mills have, in fact been closed in the past 12 years and, because textile processors now use a large proportion of imported yarn and cloth, total fibre consumption by the Lancashire industry has fallen to new low levels. In 1976 raw materials consumed in spinning—including man-made fibre and cellulosic fibres as well as cotton—totalled 178,000 tonnes in the UK compared with 378,000 tonnes in West Germany, 268,000 tonnes in France, and 354,000 tonnes in Turkey.

Even this year there has been a further drop in employment from 77,000 to 70,000 as a result of the continued depression in world markets and some apparent bunching of imports at the start of the year. Large parts of the industry have also been dependent on Temporary Employment Subsidy for continued survival and there is a danger that a further round of redundancies could occur as companies come to the end of their TES entitlement during the rest of this year.

These bigger groups, which owe their present structure to a series of mergers ten years ago, have evolved their own strategies for surviving in Lancashire. Usually it has meant in one form or another investment and vertical integration to achieve economies of scale, or moves into areas where imports are less likely to be able to compete for fashion or other reasons. Other smaller groups have diversified adding non-textile activities such as engineering to their interests, and in other cases companies have narrowed their range of operations to concentrate on particular textile areas such as clothing, industrial or household textiles.

The implications and effects of these trends over the past ten years offer considerable scope for study, but an added reason for wanting to do so now has emerged from recent evidence that the pace of change may be about to pick up again, possibly with major consequences for employment.

The evidence for this has come with the latest big project to be undertaken by the industry in Lancashire—the £6m new spinning mill recently opened by Carrington Viyella at Atherton in Greater Manchester. The mill is the first to be built in the area for more than 50 years and will give the company supplies of yarn for its vertically integrated Dorma household textiles operation at a price competitive with imports.

This is being achieved, however, through the use of modern, highly capital intensive equipment. The mill employs only 95 people and has replaced two older mills employing 435 people. It may well be that spinning will only survive in other parts of Lancashire if similar economies of operation can be achieved by other companies.

The industry therefore believes that there is a lot of work for an EDC to do, but it remains far from clear what the Government's response is likely to be.

Relations between the sector and the Government have been at times cool over recent years, although there has been some improvement in the past year. The industry was pleased with the tough line which the UK took in the negotiations leading to the conclusion of the MFA agreements but it is still concerned that the EEC will continue to put pressure on Britain over enforcement of quota levels.

Part of the value of an EDC, the industry believes, would be that it would put relations with government on a more formal and permanently better level. It remains something of a grouse in the industry that alone of the major textile sectors cotton has never been included in any of the various partnership schemes which the Government has created with industries it wished to encourage. Apart from wool textiles, clothing also has an EDC and knitwear, which used to have one but disbanded it, was included in the more recent sector working party exercise.

Positive

In the case of cotton links with government have been maintained through a committee, the Group on Developments in the Cotton and Allied Textile Industry (GODINCATI), which draws its government representatives side from the Civil Service.

The Government, in considering the request for an EDC, will clearly have to take into account the fact that Lancashire is coming forward with positive proposals as it has frequently been urged to do in the past.

In particular the BTEA has been trying to stimulate interest in exports among its members, something which many of the smaller companies have previously regarded as too difficult at a time when cheap imports are already flooding the UK market. A number of seminars have been held to try to persuade these companies that, with the right products and the right preparation, markets can be found.

Greater effort is also being put into consumer relations in a bid to meet the complaints raised from time to time that Lancashire is unable to supply types of yarn and fabric required by the market. A series of meetings have also been held recently with public purchasing authorities such as the National Health Service and the Ministry of Defence which between them buy goods worth more than £100m from Lancashire each year. New EEC regulations, which will open up tendering for public contracts of this sort to other Community members, represent a substantial threat, although there is the possible compensation of orders from other public purchasing bodies on the Continent. However, the seminars have so far revealed much discontent among public purchasers with the Lancashire industry's delivery performance.

It will be open to the BTEA further to develop its own approach in this way if its application for an EDC is turned down and to become much more involved in trying to map out for its members a course for the future. The hope is that the Government will be persuaded that this is a task which can be carried out more successfully through a tripartite approach involving employers, government and the unions.

Letters to the Editor

The landlord's unfair return

From Mr. G. Cutting

Sir,—David Wainman is absolutely right to highlight the ways in which the Inland Revenue overtax the landlord's return (July 28). There can be no logical reason for denying the landlord tax relief for amortisation purposes when his tenants have security of tenure for three generations or for treating all the income as unearned.

The Housing Policy Review (Technical Volume part 3, page 26) postulates a "cost rent" of £1,258 per annum for a dwelling with a capital cost of £10,000 based on a 60 year life. I questioned the Department of the Environment as to why historic rather than replacement costs were taken into account only to receive the fatuous reply that provision for amortisation at replacement cost would be unrealistic in view of the difficulty in predicting the average life of a new house. Obviously most private rented property is not new and much of it has only 60 years or less life ahead of it. Even with inflation at only 5 per cent per annum a £10,000 property will cost £178,000 to replace in 60 years time.

"Fair" rents unlike the above "cost rent" make no allowances for amortisation. According to DoE they yield 8 per cent gross. So in 60 years the gross return (before amortisation, expenses and tax) on a £10,000 dwelling is £194,471 even if the "fair" rent was indexed annually to inflation, instead of being fixed for three years and suffering more inflation drag at each review.

The economic deterrents to letting and reletting are therefore clear. Immediately on letting the landlord suffers at least a two-thirds drop in the value of his capital asset. His true net return from "fair" rents before amortisation will be 2 per cent or less and after amortisation will be negative.

The personal deterrents are, to my mind, even greater. Confronted with an impossible relationship with a tenant or with a genuine need to liquidate his investment, the choice is between continuing in eternal bondage to the tenant or an "occupied" sale at enormous loss. The result for the landlord can be mental breakdown, even suicide. There are now only two types of landlord who relet on gaining possession—optimists or masochists.

G. F. Cutting
18, St. Margarets Crescent, Putney, SW15.

Give-away tax treaty

From Mr. J. Newman

Sir,—Last week (July 27, Back Page) the Government made a statement on the UK/U.S. double tax treaty issue. This read "There has been a useful exchange of views, but certain aspects require further explanation and discussions will be resumed."

The only reaction one can have to this is, what a mouse! It is essential that residents of both the UK and the U.S. should know what the UK position is in these negotiations. A clear statement of principle is needed from the UK which I feel should make the following points.

The UK should not accept the unitary principle of taxation as applied by the States of the Union. The UK Government should not make tax repayments of ACT to U.S. amounting to $400m up to December 31, 1977 and $400m per annum afterwards. These figures which are my own have not been disputed by either the Treasury or the U.S. Internal Revenue Service so by default they probably agree they are the best estimates now.

The artificial exclusion of banking profit of branches of U.S. banks in the UK because of the imperfection in the current Article XV will not be allowed. The profits of these banks should be taxed on normal principles backdated to at least say 1972. The UK territory should be extended to include the North Sea again back to 1972.

The UK should "kill" schemes by which a U.S. owned UK company with a very low capital may acquire UK assets and shares with overseas debt. The interest cost on the debt is then offset for tax purposes against the profits of the purchased subsidiary. Thus profits of UK business acquired by U.S. companies are being transferred to the U.S. tax free by way of the interest.

The UK should not allow the wholly unfavourable treatment of UK entertainers in the U.S. inserted in the new treaty.

It is not good enough to have "a useful exchange of views." Dare I suggest a little principled table-thumping should occur?

J. A. Newman.
21, Mincing Lane, EC3.

Measurement of advertising

From Dr. D. Oliver.

Sir,—On July 6, you featured an interesting review article by Michael Thompson-Noel entitled "Yes, but what does advertising do?"

This question is a good one, but it appears that the study under review does not provide an answer. To those of us who are not habitually working in the advertising world, it is always a puzzling question as to how much should be invested in advertising and how one measures the value for money obtained; it may trigger off some thoughts which would be helpful to people like myself who ponder the question and fail to find an answer.

Dr. Dennis Oliver,
Pilkington Brothers,
Prescot Road,
St. Helens, Merseyside.

Motorways and driving

From Mr. M. White

Sir,—Reading the "knocking" correspondence, isn't the basic fault the current 70 mph limit, which, from my own motorway driving experience, appears to be too low by about 10/15 mph. More so as modern cars even of medium capacity seem to be able to go along safely at over the current speed limit. It no longer seems to be the efficient or even the most economical limit with so many cars having a fifth gear.

Consider too the effect on your various correspondents. An 85 mph limit would immediately remove the heavy goods vehicle driver's frustration as he could not legally do more than 60 mph and cars would therefore be pulling away from him. Also cars in the middle lane would be encouraged to do more than this, probably between 65 to 75 mph. The Member of Parliament would no longer suffer from flashing headlights as the cars in front would be going faster than he wants to. Those going at 60 mph would quickly learn to get into the nearside lane after overtaking. The larger differential in speed allowable for cars compared with that allowable for heavy vehicles would increase safety and decrease bunching and the usual frustrations.

Drivers who exceed 85 mph (fast enough for anyone in clear and ideal motoring conditions) could and should get what they deserve. I am not a speedster but on a common sense basis it does seem to me that the 70 mph limit is outdated and no longer allows for the very appreciable improvement in performance, braking capability and stability of the modern cars of most classes.

The increased limit will not happen of course, for those who set the limit do not motor for their living on a daily basis. Yet, perhaps the Member of Parliament might take this up. Of course with the increased limit there would have to be a re-education of motorway drivers particularly the occasional and weekend user.

M. R. White.
18, Maplewell Road,
Woodhouse Eaves,
Loughborough, Leics.

Percentage increases

From Mr. B. Ridout

Sir,—One aspect of the disclosure that the food price index increased by 104.9 per cent in the period between February, 1974, and mid-June this year is that an equal money rise now as against February, 1974, produces less than half the percentage increase.

That is if an item of food cost £1 in February, 1974, and the price then was increased by 10p, the price increase would have been 10 per cent, but if at June, 1974, it had increased in line with the food index it then would have cost 204.9p (say 205p) and a further increase of 10p would not add 10 per cent as in 1974 but only 4.88 per cent.

There also is the question as to whether the Retail Price Index reflects the true increase in prices, particularly for pensioners who are more dependent on services than younger people and the cost of services is increasing faster than that of manufactured goods.

Every July I have the chimneys swept; the cost in 1976 was £4, in 1977 it was £5, and this year £6. Although the increase was £1 each year, the percentage increase in 1977 over 1976 was 25 per cent but this year the increase over 1977 was only 20 per cent, but although the two increases added together amount to 45 per cent, the two-year increase is undoubtedly 50 per cent. As a contrast, I bought a small electric appliance last November from a multiple store which cost £10.24, but an identical item bought yesterday from the same store was only £7.35.

The statisticians who measure prices can reasonably accurately measure the rise or fall in the prices of manufactured articles in multiple stores but can they possibly calculate the charges made by thousands of gardeners, plumbers, chimney sweeps, etc., working on their own and not advertising their charges.

B. J. L. Ridout.
16, Ilex Way,
Goring-by-Sea, West Sussex.

New water charges

From Mr. R. Thirkell

Sir,—I felt that before commenting on the letter of July 11 from Mr. Gilliland of Thames Water on the new water charges I should obtain and peruse the Price Commission's report on the subject. Having done this I would make the following comments:—

The only leaflet which the great majority of consumers will have seen did not state that a change in the basis of the charges was being made, let alone the reason for the change and the effect of it. In fact, it was couched in terms that led most people to suppose that the alteration in practice was merely a change in the method of collecting the charges, the amount of which would be as hitherto.

If the main object of the alteration was to transfer part of the costs from the commercial to the domestic consumers and, in particular, to those in small properties, the leaflet should have said this openly.

If another objective was to secure greater uniformity in the charges for domestic properties throughout the area served, even if this meant a very large increase to some consumers, surely this also should have been explained properly.

With regard to Mr. Gilliland's final two questions: (i) My own charges have increased by less than the average, in fact by 7 per cent during the current half-year, as my property is rated at considerably more than the average, but I am concerned not so much with my own case but with the position of the many people who are suffering very large increases without having been properly informed as to the reasons; (ii) It is absurd to suggest that leaflets showing the percentage increase for each customer would have been necessary; all I am saying is that the leaflet issued should have given more information regarding the nature of, the reasons for, and the effect of the alterations instead of being worded in terms which intentionally or otherwise, probably mislead most readers.

R. W. Thirkell.
3, Clifton Road,
Alexandra Park, N22.

Saving energy

From Mr. R. Holland

Sir,—Mr. J. Milian, your correspondent (July 27), from Monaco surely knows that people only react if there is money to be made or to be saved. Stringent regulations are usually opposed by some vociferous pressure group unless some financial message is clearly disseminated.

Everybody wants America to save energy, but they surely won't achieve our expectations and hopes unless domestic U.S. energy prices are raised to the levels existing in our Common Market neighbours' countries. The same argument applies in the UK, particularly in relation to North Sea gas. While the cost of heat from North Sea gas remains below the cost of heat from imported oil it remains illogical to expect our behaviour in relation to insulation and double glazing to change.

Consumers in general are rational beings but with relatively short term horizons. In the absence of the necessary financial incentive who but a fool can seriously expect energy saving developments to progress faster than their present sluggish rate. If we are to have what is best for us in the long term, we must rely upon courageous Government decisions today.

Richard Holland.
30, Crespigny Road,
Hendon, NW4.

Today's Events

GENERAL

UK official reserves (July).

Bank of England issues details of capital issues and redemptions during July.

Scottish CBI launches major Scottish industrial survey.

One-day national strike over Government's 10 per cent pay offer by industrial civil servants working on civilian defence, some of whom have been blacking work on Polaris submarines.

International Monetary Fund monthly gold auction. Washington.

Mr. William Whitelaw, deputy leader, Conservative Party, on visit to Wales.

Statement by London Arts Council on building grant.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Rhodesia.

House of Lords: Consolidated Fund Bill. Royal Assent to Bills. House then rises for the summer recess until Tuesday, October 24.

COMPANY RESULTS

Final dividends: City of London Brewery and Investment Trust; Dixons Photographic; RFD Group; Waring and Gillow. Interim dividends: Canning (W.); Yeoman Investment Trust.

COMPANY MEETINGS

Calor Gas, 2, Devonshire Square, EC, 10.30. Eva Industries, Midland Hotel, Manchester, 11.45. Halma, Dorchester Hotel, W, 12. Imperial Continental Gas, 100, Old Broad Street, EC, 11.30. Warnford Investments, 20, Aldermanbury, EC, 3.

OPERA

English National Opera production of La Boheme, Coliseum Theatre, WC2, 7.30 pm.

Glyndebourne Festival Opera perform The Rake's Progress, Lewes, East Sussex, 5.30 pm.

BALLET

Batsheva Dance Company, with Galina and Valery Panov, Royal Festival Hall, SE1, 7.30 pm.

MUSIC

London Fire Brigade band concert, Finsbury Circus Gardens, EC2, noon to 2 pm.

Swedish musicians directed by Otto Freudenthal (piano), St. Olave, Hart Street, EC3, 1.05 pm.

Peter Lea-Cox (organ), St. Bride, Fleet Street, EC4, 1.15 pm.

Henry Wood Promenade Concerts: BBC Welsh Symphony Orchestra, conductor Boris Brott, soloists Bracha Eden and Alexander Tamir, perform Ravel (Le tombeau de Couperin); Grace Williams (Ballads for Orchestra); Poulenc (Concerto in D minor for Two Pianos and Orchestra); and Vaughan Williams (Symphony No. 4 in F minor), Royal Albert Hall, SW7, 7.30 pm.

SPORT

Cricket: Minor Counties v New Zealand, Torquay. Golf: Midland professional stroke-play championships, Ladbrook Park.

COMPANY NEWS + COMMENT

Second half boost lifts Unitech to £3.11m

A SECOND half profit of £1.99m against £1.34m boosted pre-tax profit of Unitech, electronic components manufacturer, to a peak £3.11m for the year to June 3, 1978, compared with £2.1m for the May 28, 1977, year. Sales expanded £7.2m to £33.77m.

At the interim stage the directors reported profits ahead from £0.77m to £1.13m and said that with strong demand for group products being maintained, they looked forward to a further significant advance in profits for the second half.

Stated earnings per 10p share are 11.1p (7.3p) and the total dividend payout is lifted to 4.0315p (3.61p) with a final of 2.5795p net.

	1977-78 £000	1976-77 £000
Sales	33,765	26,574
Electronic components	15,422	12,796
Component manufac.	6,990	5,594
Elect. equip.	[illegible]	4,431
Industrial controls	2,696	2,606
Computer peripherals	1,925	944
Profits before tax	3,111	2,102
Electronic components	826	767
Component manufac.	720	404
Electronic equipment	563	493
Industrial controls	371	396
Computer peripherals	105	93
Other, holding company	19	3
Tax	1,625	1,114
Net profit	1,486	988
Minority interests	30	33
Attributable	1,456	955
Interim dividend	159	160
Final dividend	339	301
Undistributed profit	958	455

● comment

The semi-conductor market continues to be a winner for suppliers and manufacturers of electronic components. In line with others in the sector, increased demand for micro-processors has increased Unitech's volume sales by around a fifth, and profits for the year are 48 per cent higher. The main impetus has come from the Intel franchise in the U.K. and microwave defence systems, with a strong performance by the Coutant subsidiary in France. On the component manufacturing side (a fifth of group sales), growth was helped by recovery at Rathdown Industries and Terminal Insulators. Meanwhile, the demand for electronic components from such industries as data processing, defence and telecommunications continues to grow and, as one of the UK's largest distributors, Unitech is well placed to benefit. However, as the market is so closely linked to the U.S., where growth in the semi-conductor market is expected to drop from around 12 per cent to about 3 per cent during 1978-79, the increase in profits for the current year will not be as marked. Nevertheless, the shares jumped 6p to 152p (a high for the year) and the p/e of 13.5 anticipates a continued strong performance. The yield is 4 per cent. This compares with Farnell's historic p/e of 14.2 and yield of 2.9 per cent.

UGI AMENDS

Because of the tax change, the final dividend of 2.84p previously announced by United Gas Industries has become 2.08p.

INDEX TO COMPANY HIGHLIGHTS

First half advance by W. Sharpe

FOR THE first half of 1978, pre-tax profits of W. N. Sharpe, the fine art publisher, advanced from £973,943 to £1,289,936 on turnover up by £1m at 5.13m.

The result was after all expenses and depreciation, but included investment income of £175,243 (£202,309). Tax charge rose from £484,000 to £658,000.

The directors state that in comparing first-half results, some change in trading pattern should be noted. Accelerated despatches to customers have resulted in a higher proportion of the year's expected growth in turnover and trading profit falling in the first half than was the case in 1977.

Trading outlook for the year as a whole continues to be satisfactory, they add.

For all 1977, taxable profit was a record £2.87m an interim of 1.80625p (1.4448p) net has already been paid in respect of this year.

During the six months period, the company has disposed of substantially all its investments in connection with a scheme of reconstruction, which will become effective on August 4.

The surplus totalling £1,367,317 arising on the sale is not included in the results, while it is estimated that a liability to tax of some £300,000 will arise in connection with these disposals.

A holding company has been formed to acquire the operating company's shares on a share plus cash exchange basis.

● comment

When Sharpe decided to restructure its capital last May and return £5m in cash to shareholders it must have diluted a lot of the speculative interest in the shares—half of the company's market worth was represented by stocks and shares. But even though Sharpe is no longer a classic bid target it can still produce some eye catching news. The half-year jump in profits of almost a third took the shares 12p higher to 202p. That is impressive growth for a company in the greeting card sector. However, the advance is distorted by a higher than normal throughput of cards which may have otherwise come in the second half. Volume is up by around an eighth, and though there is still some growth left to come in the second half, it will fall well short of this figure. Profits this year should top £3m without too much effort especially as the threat of a postal rate increase appears to have been deferred for another year. At 202p the yield of 3.2 per cent is less than the return offered by the other two card manufacturers.

Montague Meyer to expand

THE DEMAND for products of Montague L. Meyer is going to be a little better this year, and generally this applies to the whole of Europe, Mr. John M. Meyer, the chairman, says in his annual report.

Trade in Australia and the Far East, where profits were down in the second half of 1977-78, are already showing improvements in the first part of the current year, says Mr. Meyer.

For the year ended March 31, 1978, profits before tax were £12.95m compared with £14.3m previously, from turnover of £347m against £322m. The dividend is 4.67311p (4.16846p).

A geographical analysis of turnover and profit shows: UK, £216m (£204m) and £11.9m (£12.28m); Europe, £22m (£9m) and £0.75m (£0.78m) and Australia and Far East, £9m (same) and £0.25m (£1.23m).

Last year was extraordinarily complicated for industry generally, and particularly for those whose main function is dealing in raw materials, the chairman says. In the circumstances, the profit can be considered a creditable performance.

Mr. Meyer points out that this figure is under 9.5 per cent less than in the previous year, and indicates, under the current cost accounting recommendations of the Hyde Committee, a pre-tax profit of £14.3m. On the same basis, the previous year's historical profit of £14.229m would have appeared as £4.3m.

As part of the group's policy of planned progressive expansion in the distribution of wood products in this country, the group has purchased A. Dicken and Son (Teesside), a hypermarket in the home improvement trade, and several small, mainly retail businesses in East Anglia and the Potteries.

Mr. Meyer says: "manufacturing some products is becoming an increasingly important section of the business, and directors are looking forward to expanding these businesses in line with our other activities."

Referring to the three major UK associates, the chairman says Hallams is not yet profitable; MacMillan Bloedel Meyer is still contributing and improving while J. T. Sydenham, timber and builders' merchants on the South Coast have been consistently successful.

The group has raised a £15m medium-term loan on favourable terms through a consortium of banks led by Hambros Bank. In the meantime, short-term borrowings have been substantially reduced.

Meeting, Charing Cross Hotel, WC, September 5 at noon.

J. Dyson exceeds forecast

EXCEEDING their interim forecast, the directors of J. and J. Dyson report record pre-tax profits of £2.97m for the March 31, 1978 year compared with £2.3m last time. Turnover went ahead from £29.93m to £33.9m.

Profits at halfway advanced from £0.96m to £1.37m and the directors said that for the full year, pre-tax profits should be in the region of £2.7m.

Earnings per 25p share are shown as 11.78p (8.68p) and the dividend is stepped up to 3.6p (3.225p) with a net final payment of 1.875p, as forecast.

Net profit emerged at £1.59m against £1.18m after tax of £1.37m (£1.13m). The amount carried forward is given as £5.4m (£4.3m).

The group manufactures refractory materials and fire resisting goods.

● comment

Dyson's pre-tax profit—up 78 per cent in the previous year—is 29 per cent ahead this time on static volume growth. Margins have improved thanks to the impact of higher prices and concentration on less competitive refractory products. Meanwhile, diversification is taking place in two broad areas of the company which, nine years ago, depended for some 90 per cent of its profit on iron and steel manufacturers. Now that figure is less than half while ceramics, used by a wide variety of other industries, have assumed much greater importance. Significantly the bulk of profits were earned at Pickford Holland, where modern products have largely superseded Dyson's traditional refractories. Secondly, expansion is planned in the trailer business where a new departure, allied to tanker safety, should be announced soon. Better debt control and lower interest rates last year improved cash flow and the company has ruled out a rights issue for the moment. At 63p the "A" shares stand on a p/e of 5.2 and yield a three times covered 8.9 per cent.

Setback at AB Engineering

The pendulum swung once more in the second half of the year to March 31, 1978, at Associated British Engineering, eliminating to some extent the profit made in the first half.

At the interim stage a recovery from a deficit of £4,000 to a pre-tax profit of £69,000 was reported but, with the second half producing a loss of £23,000 compared with profits of £13,000, the company finished the year with a surplus of £44,000 against £9,000.

Turnover of this diesel engines and allied industries group fell £0.73m to £2.33m in the 12 months and profit was struck after interest £90,000 lower at £107,000.

Tax took £10,000 (£8,000) and this time there was an extraordinary credit of £12,000. Earnings per 12½p share are stated at 0.2p against a 0.6p loss last time.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Acorn Secs.	int.	9.05	Nov. 1	7.76	9.05	7.76
Arlington Motor		5.33†	Aug. 31	5.17	7.83	6.57
City Offices	int.	0.86	Oct. 2	0.77	—	1.72
J. J. Dyson		1.88	Oct. 2	1.68	3.6	3.23
Glasgow Stockholders	int.	1	Aug. 15	0.85	—	3.4
Hales Properties		1.69	Sept. 15	1.48	2.49	2.21
R. Smallshaw	int.	Nil	—	Nil	—	1.5
Sterling Credit		0.91	Sept. 15	0.81*	1.43	1.28*
Temple Bar	int.	1.5	Oct. 31	3.08*	—	4.75*
Unitech		2.58	Oct. 2	2.31	4.03	3.61
Viscose Devpt. Co.	int.	1.27	Sept. 1	1.16	—	2.83
Westinghouse Brake	int.	0.93	Oct. 2	0.83	—	2.13

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

£10m plan for SUITS newspaper side

DETAILS OF a planned £10m modernisation programme for its two Glasgow newspapers are revealed by Scottish and Universal Investments in the group's annual report.

SUITS is using income generated to meet much of the capital cost. Of the total £10m, £3.3m is of an exceptional or extraordinary nature. The balance sheet shows that £276,000 was written off as development and re-organisation costs before the trading profit was struck in 1977-1978.

Included in the remaining £6.7m, is the £875,000 required to buy the new site from the Beaverbrook group in 1977. Leasing facilities for £2.5m have been negotiated and, while the effective date of the leasing agreements is March 1, 1979, pre-lease agreements have enabled SUITS to meet equipment payments schedules without touching its own cash.

Directors say that satisfactory arrangements have been made to finance the remainder of the programme.

In his first full year as chairman, Mr. Tiny Rowlands says the company is in a sound position to expand business both at home and overseas. The three small acquisitions during the year made a useful contribution to group results and suitable opportunities are being sought to further consolidate the company's base.

As reported in July, turnover rose 19 per cent, pre-tax profit was up 44 per cent return on capital employed was 25 per cent higher while working capital increased by 12 per cent.

A CCA statement shows pre-tax profit of £4.46m (compared with £6.34m on an historical cost basis), and profits after tax of £3.08m (£4.96m historical) which covered the dividend payout of £2.26m.

Although it is not mandatory, SSAP 12, relating to provision of depreciation of freehold buildings and long leasehold properties was incorporated in the accounts as was ED 19 relating to the provision for deferred tax.

A revaluation of assets, prepared for CCA purposes in respect of certain freehold and leasehold properties with a net book value of £6.1m at April 1, 1978, shows that the market value on an existing use basis including depreciated replacement cost for certain specialised properties, is £10.2m.

Directors say that circulation of the Glasgow Herald and the Evening Times both improved during the period. Advertising volumes were up and this, combined with higher advertising rates, meant an improvement in contribution to group profits.

There was a marked improvement in the profitability of Scottish and Universal Newspapers, which now prints and publishes 33 weekly and one daily newspaper in Scotland.

The publishing, bookselling and printing activities of the Holmes McDougall subsidiary were rationalised during the year and benefits are expected in 1978/79. Results were disappointing at Daniel Greenaway and Sons while the upward trend in both home and overseas markets helped Whyte and Mackay Distillers improve trading results.

In the engineering division, Nicol and Andrew found trading conditions in the UK improving and overseas activities were buoyant. Sportworks, a civil engineering company, had a satisfactory trading period despite the recession in the construction industry.

Results were reasonable in other trading activities while the associated company, Lewis and Black, continued to recover.

Treasury clarification on dividend payments

FOLLOWING THE reduction in ACT from 34 to 33 per cent on July 11 with retrospective effect from April 6, 1978, the Treasury has put out a statement to clarify the position of companies with dividends paid on or after that date.

The Treasury states that companies having declared a final (or second interim) net dividend which exhausted their maximum permissible entitlement under ACT at 34 per cent may now declare a further net dividend bringing that entitlement up to the maximum permissible under ACT at 33 per cent. No Treasury consent is required provided that this further dividend is clearly expressed as being related to the past complete year.

Payment may then be made either immediately, or at some later date when a dividend is being paid for the current year.

Companies not wishing to declare such a further dividend will need to seek Treasury consent in writing. This is so that the "gross" reference basis for the dividend's of their current year (which will affect their entitlement to declare dividends while the controls are in force), is established at a rate of ACT of 34 per cent although the payments were made during the tax year 1978-79 for which the rate of ACT is now known to be 33 per cent.

Further payment on account

SOME £6.06m of 9¼ per cent Treasury Stock 1981 was issued yesterday as further payment on account of compensation for nationalised shipbuilding and aircraft companies.

The Bank of England says the payment was in respect of British Aircraft Corporation Holdings, Scottish Aviation, Austin and Pickersgill, Brooke Marine, Cammell Laird Shipbuilders, Hall Russell, Vickers Shipbuilding Group and George Clarke and NEM.

A special interest payment will be made in the case of the aircraft industry companies for the period from April 29, 1977 to April 1, 1978 and for the shipbuilding companies from July 1, 1977 to April 1, 1978.

The stock was issued at £97¾ and will rank for a full six months interest at October 1, 1978. It will not be distinguished from the 9¼ per cent Treasury Stock 1981 and dealings can take place from today.

Scottish Life cuts rate

A reduction in its immediate annuity rates amounting to approximately £2 per annum for each £1,000 of purchase money is announced by Scottish Life Assurance. The company is a leader in the immediate annuity market and this latest revision in rates reflects the recent drop in short and medium-term interest rates.

Under the new rates, an investment of £10,000 would secure for a man aged 65 an annuity of £1,624 per annum, or £1,444 per annum for a woman of the same age; in each case the annuity would be paid in half-yearly instalments.

The revision also applies to self-employed and occupational pension scheme plans where pension payments are due to commence on contracts.

CROWN HOUSE FINAL RESTRICTED

Following the passing of the Dividends Act the final dividend to be recommended by Crown House for the year ended March 31, 1978 must now be limited to 2.28p.

The Board had announced that subject to there being no renewal of dividends restraint a final dividend of 2.7p would be recommended taking the total 25 per cent above that paid for the previous year.

A first interim dividend of 0.42p in respect of 1978/79 is now declared — assuming that the final for 1977/78 is approved the two dividends (together totalling 2.7p) will be paid on October 2, 1978.

Westinghouse little changed at midway

ADVERSELY AFFECTED by problems associated with the new plant involved in the major reshaping of foundry facilities, pre-tax profits of Westinghouse Brake and Signal Company finished the six months to March 31, 1978 at £2.51m, compared with £2.57m for the corresponding period.

However, Mr. L. E. Thompson, chairman, says that these problems are now being resolved and accordingly it is expected that results in the second half will show an improvement over those for the first. For the last full year profits totalled £5.62m.

The net interim dividend is stepped up from 0.83014p to 0.927p per 25p share. Last year's final payment was 1.2071p.

	Six months 1977-78 £000	Six months 1976-77 £000	Year 1976-77 £000
Sales	30,553	29,527	61,961
Trading profits	3,074	3,301	6,591
Group	1,983	2,305	[illegible]
Share of assocs.	1,091	996	1,842
Interest	565	731	1,271
Group	463	625	1,093
Share of Assocs.	102	106	178
Profit before tax	2,509	2,570	5,620
Tax	970	659	1,548
Profit after tax	1,539	1,851	4,072
Minority profits	39	—	18
Attributable	1,500	1,831	4,054
Interim dividend	[illegible]	354	334
Final dividend	—	—	371
Retained	1,405	1,327	3,149

Westinghouse and Cubic Corporation of San Diego, California have registered a British joint company called Westinghouse Cubic.

The objective is to engineer and market automatic fare collection systems for the UK, Europe and other countries. Each of the principals hold 50 per cent of the equity.

A £2.4m contract has recently been secured by the automation and controls division of Westinghouse for a supervisory control and data acquisition system which will cover all of the Southern Electricity Board distribution areas. This is the largest telecontrol contract for the electricity industry to be placed in Britain.

● comment

In addition to hitting Westinghouse's foundry interests, the installation of new plant had the effect of disrupting the brake activities, which depend heavily on in-house castings. In total, this must have cost the company at least £0.5m in the first half, and group profits slipped slightly. However, although the problems are now resolved, it will be some time before Westinghouse is back on an even keel. So, in spite of working flat out, profits may only reach £0.5m for the year, and the full impact of the current order book, which stands at £75m, will come through next year. Meanwhile, the increase in the overseas tax charge suggests that the Australian subsidiary (30 per cent of profits) is continuing its recovery while 50 per cent-owned Bendix is forging ahead with increased brake sales to the buoyant commercial vehicle market. On a maximum tax charge, the prospective p/e, at 56p, is 7.5 while the yield is 6.4 per cent.

Hales Properties ahead

HIGHER TURNOVER of £949,070 against £592,603 and pre-tax profits up from £182,412 to £278,470 are reported by Hales Properties for the year ended March 31, 1978.

In January, the directors said the year's results would reflect an improvement over 1977, but it was not anticipated that the second six months would show the same improvement as the 56 per cent rise from £84,098 to £131,410 achieved in the first half.

Earnings per 25p share are given as 7.15p (4.64p) and a final dividend of 1.6079p lifts the total from 2.2137p to a maximum permitted 2.4979p.

Tax charge for the year is £143,954 (£94,975). After extraordinary debits of £9,967 against a £12,022 credit and £12,607 (£12,606) transfer to mortgage redemption reserve, an amount of £74,902 (£83,172) is retained.

Temple Bar increase at six months

Gross revenue of Temple Bar Investment Trust was up from £1.19m to £1.26m and pre-tax revenue rose to £1.18m for the first half of 1978 against £1.05m last time.

The interim dividend is 1.5p net per 25p share compared with an equivalent 3.075p, adjusted for a one-for-one scrip issue. Last year's final was an adjusted 1.725p paid from pre-tax revenue of £2.21m.

ISSUE NEWS

Yearlings hold at 9⅞%

The coupon rate on this week's batch of yearling bonds is unchanged at 9⅞ per cent. They are due on August 8, 1979 and are issued at par. The issues are:—North Hertfordshire District Council (£½m), Bridgnorth District Council (£½m), Lothian Regional Council (£1m), City of Edinburgh District Council (£2m), Renfrew District Council (£1m), Cotswold District Council (£½m), Erewash Borough Council (£½m), Inverclyde District Council (£½m), Newport Borough Council (£½m), City of Portsmouth (£1m), London Borough of Waltham Forest (£½m), Woodspring District Council (£½m), Crewe and Nantwich Borough Council (£½m), North Warwickshire Borough Council (£½m), City of Wakefield Metropolitan Borough Council (£½m), Runnymede District Council (£½m), City of Coventry (£1m), Invergordon District Council (£1m).

Strathkelvin District Council has raised £1m by the issue of 11¼ per cent three year bonds at par dated July 29, 1981.

Dacorum District Council has raised £1m of 12¼ per cent bonds dated July 27, 1983 at par.

South Lakeland District Council has issued £½m of variable rate bonds July 28, 1982 at £99¾ per cent.

Restormel Borough Council has raised £½m and Essex County Council has raised £1m of variable rate stock dated July 27, 1983 at £99¾ per cent.

SUTCLIFFE—90%

Sutcliffe, Speakman's rights issue has been taken up in respect of 1,103,960 new ordinary shares, representing 90 per cent of the issue.

New shares not taken up have been sold at a premium and the net proceeds (estimated to be 34.6p per share) will be remitted in due course except that amounts of less than £1 will be retained by the company.

MIDLAND BANK STATISTICS

Statistics compiled by Midland Bank show that the amount of "new money" raised in the UK by the issue of marketable securities in July was £193.3m, an increase of £73.3m on the total for June, and the largest monthly figure since November last year.

Almost half of the total was raised by local authorities. Company issues accounted for £100.2m of the total. This included £85.1m raised by Barclays Bank, by the indirect method of issuing its own ordinary shares in exchange for those of the Investment Trust Corporation, which it then sold to the Post Office pension fund.

Arlington Motor up 86% to peak £1.2m.

FOLLOWING HIGHER first-half profits of £671,000 against £379,000, Arlington Motor Holdings finished the year to March 31, 1978, with pre-tax profits up 86 per cent from £651,000 to a record £1.21m. Turnover was £43.4m against £31.2m.

The excellent performance has resulted from improved trading in all areas, except aluminium and general material stockists, Mr. N. C. Housden, chairman, tells members.

Sales of commercial vehicles were up 58 per cent, bus and coach sales, 25 per cent and cars, 17 per cent.

Although the group is doing little more than hold its position on truck sales in the first quarter of the current year, van sales are over one-third ahead and car sales are double those for last year, the chairman says.

Major growth areas are seen in both parts and service departments. The board is budgeting and achieving such a high volume of business in Arlington Motor Finance that the chairman is confident of a very satisfactory outturn for this company.

Earnings per 25p share for 1977-1978 are given at 24.51p against 12.66p, adjusted for last December's rights issue. The final dividend is 5.33p against a forecast 5.25p, making a total of 7.83p on increased capital, a rise of 19 per cent over last year's 6.57p. The increase has been agreed with the Treasury.

A revaluation of group properties on an open market basis

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable

TODAY

Interims—W. Canning, Rowland Gaunt, Vereeniging Refractories, Yeoman Investment Trust.

Finals—Acrow, Bollington Textile Printers, City of London Brewery and Investment Trust, Dixons Photographic, Gnome Photographic Products, R.F.D., Somportex, Waring and Gillow.

FUTURE DATES

Interims—	
Automotive Products	Aug. 8
British and American Gen. Trust	Aug. 4
Securicor	Aug. 10
Security Services	Aug. 10
Smith and Nephew	Aug. 15
Tomatin Distillers	Sept. 26
Finals—	
Capital and National Trust	Aug. 15
Hallite	Aug. 9
Hume Holdings	Aug. 9

	1977-78 £000	1976-77 £000
Turnover	43,408	31,224
Trading profit	1,867	1,295
Interest charges	657	634
Profit before tax	1,210	651
Tax	283	192
Net profit	927	459
Extraord. credit	96	—
Minorities	31	26
Attributable	972	433
Ordinary interim	62	46
Final	219	170
To reserves	671	217

shows a surplus of £1.4m over book.

Bank facilities have also been renegotiated and there are now £1.5m of medium-term loans repayable over seven years. These arrangements together with successful trading have resulted in stronger liquidity with net current assets up from £2.8m to £3.1m.

Meeting, Chartered Accountants' Hall, EC, August 23 at noon.

● comment

Arlington has had a very good year with trading profits up by 45 per cent. The company says it has been moving ahead on all fronts though its experience in commercial vehicles, which accounts for 58 per cent of vehicle sales, may have been mixed. Bedford trucks have been winning market share but the same cannot be said of Leyland, Arlington's other truck franchise. In addition the car division has had to cope with the strike at Vauxhall and the subsequent loss of market share throughout the final quarter of the year. This year the commercial vehicle market has not been so good for Arlington except perhaps at the lighter van end, while the car division could well do with a Ford franchise to get the most out of its growing leasing operation. A Leyland car distributor would also fit in well within the company's framework. As such an acquisition of a Ford (and perhaps a Leyland) car dealer would be the next logical step and this might keep profits moving ahead during 1979 despite predictions that the car market will reach a peak in 1978. At 135p the shares represent reasonable value on a yield of 9 per cent and p/e of 5.3.

Sterling Credit up £38,000

AFTER ADVANCING £15,000 at midway to £155,000 pre-tax profit at Sterling Credit Group ended the March 31, 1978, year up from £287,000 to £325,000. Income for the year was down from £2.97m to £2.43m.

The final dividend of 0.9056p net against an adjusted 0.811p takes the total for the year from 1.281p to 1.4322p per share. Also proposed is a one-for-two scrip issue.

The result is subject to tax of £53,000 (£52,000) and earnings per 10p share are shown at 4.43p (3.73p).

Directors say the group continues to expand in insurance broking. Income of the division for the year was £0.58m, and growth is continuing. Profitability should now improve following the consolidation and rationalisation of the various acquisitions.

They say hire purchase and banking continue to be highly competitive, although a satisfactory profit was made in the last year by these divisions.

To date the current year has shown expansion in all divisions, and directors feel that given stable economic conditions and no increase in interest rates, results should show an improvement.

On the sale for £1.1m of its interest in E. D. Sassoon Bank and Trust Company, directors say the transaction greatly improves the reserves of the group and provides further capital for expansion.

Butterfield-Harvey plans for growth

WITH THE reorganisation and rationalisation phase nearing completion at Butterfield-Harvey, Mr. S. A. Roberts, the chairman, says that the group is now entering a new era where the emphasis will be placed on corporate planning for expansion and the achievement of higher levels of productivity.

For the current year he confirms his forecast of substantially higher profits. The trading performance to date is most encouraging with orders and sales at a high level. Now that much of the reconstruction is complete prospects appear excellent, says the chairman.

In the year ended April 1, 1978, group pre-tax profit expanded to a record £2.77m. Although some of this improvement was due to the restructuring at Greenwich, the full financial benefits from this work have still to be realised.

The chairman feels that bank overdrafts were contained at an acceptable level during the year showing an increase of only £848,000. This was despite heavy financial commitments in the acquisition and promotion of two new companies and increased expenditure on plant and equipment for the group as a whole.

At April 1 the overdraft unutilisation amounted to £2.39m and medium-term loans drawn down totalled £2m. Recently arrangements have been made to renew the Midland Bank medium-term loan of £500,000 which was due to mature in July. These facilities ensure that ample funds are available to finance the group's expanding business and will provide some flexibility to take advantage of any special opportunities that occur.

An analysis of profit shows:—special vehicles and engineering components furniture and fabrication £1.04m (£0.65m); building products leisure and housewares £0.48m (£0.51m); rubber and plastics £40,000 (£0.29m); and share of associate £0.3m (£0.29m).

The chairman says that Shelvoke and Drewry has a most successful year. Sales and profits were at record levels and the year ended with a full order load well-balanced between home and export.

The reshaping of Beldray enabled a profit to be earned towards the end of the year which was sufficient to reverse earlier losses. Much better results for the current year are expected.

The associate Thomas Locker had a record UK profit but losses in Belgium left the result only slightly higher. The Belgian offshoot has now been closed.

Mr. Roberts plans to retire in the autumn—he will be succeeded as chairman by Mr. T. F. Honess.

Meeting, Connaught Rooms, W.C., August 23 at noon.

City Offices ahead so far at £554,933

First half 1978 gross income of City Offices rose slightly from £647,480 to £667,797, and pre-tax profit was ahead at £534,933 against £522,563 last time.

The directors state that figures exclude results of Lusaka City Offices, the company's subsidiary in Zambia.

First half earnings are 1.3p (1.24p) per 25p share and the interim dividend is increased to 0.86p (0.77p) net—last year's second and final interim was 0.95p paid from the year's pre-tax profit of £1.12m.

Tax for the six months took £256,825 (£236,316) and there was an extraordinary credit of £173,164 compared with £113,670.

The company's activities consist of property investment and development and investment in stocks and shares.

London and Northern chief questioned

Mr. J. H. M. Mackenzie, chairman of London and Northern Group was questioned closely at yesterday's annual meeting on the reasons behind the group's much criticised dividend cut.

A shareholder asked whether it was the institutional shareholders or the directors who were behind the decision to reduce the dividend from 3.25p to 2p. Mr. Mackenzie replied: "We needed no advice from outside parties on that matter."

The chairman was also asked for clarification on the nature of the group's overseas contract work: did the overseas contracts have fluctuating clauses or were they fixed price, and were they likely to suffer the effects of any penalty clauses? Mr. A. G. Speake of London and Northern's Pauling group of companies, responsible for the overseas construction work, replied that the group was not carrying any fixed price work. "And since all the contracts we are undertaking are well in advance of completion there will be no penalty clauses imposed."

In addition to the formal business of the meeting, Mr. Mackenzie added that Cement Roadstone's offer for the associated company J. and W. Henderson (Holdings) for £1.95m cash had now gone unconditional.

"I hope that next year I will have a more favourable position to report," he concluded.

Midway advance for R. Smallshaw

With turonver ahead from £1.86m to £2.12m pre-tax profit of R. Smallshaw (Knitwear) increased from £106,000 to £130,000 in the March 31, 1978 half year.

Tax takes £67,600 (£55,120) and again no iterim dividend is to be paid. Last year a 1.5p net per 10p share final was paid. Directors believe that despite unfavourable trading conditions profit for the current year should be similar to last year's record £286,623.

Directors say demand for the company's products was reasonable for the majority of the half year but sales of "Cut and Sewn" declined towards the end of the period.

The mostly poor weather was once again responsible for lower sales of knitwear through the spring and summer. Although demand is shortly expected to return to normal for fully fashioned knitwear, the outlook for "Cut and Sewn" is uncertain.

EDBRO CANCELS SECOND INTERIM

As a consequence of the continuation of dividend restraint, the directors of Edbro (Holdings) report that it is not possible to declare a second interim for the year to March 31, 1978.

With the proposed final of 4.2845p, the total net payment for the 1977-78 year will therefore be the maximum permitted 6.3146p (5.6544p) per 25p share.

Wigfall forecasts significant advance

Materially improved profits are forecast by Henry Wigfall and Son for the year 1978/79.

The profit projection is made in the light of changes, implemented over the last two years, now producing results. And with a reference to the company's successful defence of the bid from Comet Radiovision, Mr. Frank Morrell, chairman, says the increased profits should allow shareholders to be offered in practical terms the fruits of the company remaining independent. As already announced, the directors have forecast a dividend total of 13.5p for the current year.

As reported on July 10, better than forecast pre-tax profits of £1.37m (£1.09 for previous 53 weeks) were achieved in the year to April 1 and in the light of the Comet bid the dividend total was raised from 4.8425p to 7.5p net.

Mr. Morrell reports that the company is well placed to take advantage of the increase in consumer spending which has been experienced in the last few months. Turnover generally is now showing considerable improvement and the extra business transacted from the new outlets acquired from Loyds in 1976, including new rental business, is starting to produce a significant contribution to profits.

The benefits of the cost control programme, which has been continued from the previous year, are now becoming evident. The centralised collection of accounts is complete and the conversion of weekly rental agreements to monthly payments has reduced the cost of administration.

A statement of source and application of funds shows a net increase of £1.57m (£1.2m decrease) in borrowings.

The AGM of the company will be held in Sheffield on September 4 at noon.

Progress ahead for Phillips Patents

Mr. J. A. Rowland-Jones, the chairman of Phillips Patents (Holdings), says he believes that not only will the group's progress continue but it will be substantially improved.

He explains that the decision not to pay any dividends in 1977/78 was made to keep borrowing commitments down but it is anticipated that current negotiations will be concluded satisfactorily thereby reducing borrowings and making the payment of dividends possible—overdrafts at the year-end stood at £866,795 (£857,033).

As reported the group showed a pre-tax profit of £104,925 in the year ended February 26, 1978 (£66,264) struck after crediting Temporary Employment Subsidy of £287,630 (£140,820).

The chairman points out that the larger part of the TES was received in the first six months of the year and the group's improvement has been a continuing process.

Referring to the development companies the chairman says that in the case of Rabbetts the group is presently negotiating a disposal with several potential purchasers at a price well above book value. It is hoped to conclude the sales in the next few months.

As regards the interest in Crag Head flats, Mr. Rowland-Jones reports that this matter has now been partially settled in the group's favour. As to the balance, legal advisers feel that the claim is good and this will be pursued.

In a note to the accounts the directors state that they estimate that the provision for the reduction in the value of development land in the 1974-75 accounts is reasonable and that no further provision should be made in the 1977-78 accounts. The development land (cost £830,000) is stated after provision at £553,333 which is included in the balance sheet under the heading, development land and buildings, £853,330.

Because of the continuing uncertainty of the property market it is not possible to assess whether the provision will prove ultimately to be inadequate or excessive. The auditors have qualified the accounts on this latter point.

Referring to the Baby Deer subsidiary the chairman says that the enlargement of the range of products of this company has proved successful and it is largely due to this venture and to the association with Babyboots (Boots the Chemist) that this company increased its turnover by over £250,000 in 1977-78.

Phillips still has the benefit of the chairman's personal guarantee of £100,000 but it is expected that he will be released from that guarantee in the near future.

Meeting, Manchester, August 24 at noon.

WILLIAM REED CHANGES NAME

THE directors of William Reed and Sons announce that the shareholders, at the AGM held yesterday, consented to change the company's name to Rivington Reed Limited.

Mr. W. Johnson has resigned his non-executive directorship with the company to devote all his time to Habit Precision Engineering and Hamilborne, companies in which Ferguson Securities, the main shareholder in Reed, has strategic stakes.

George Ewer forecasts 60% dividend rise

A sharp jump in profits together with a 60 per cent increase in dividends is forecast by George Ewer for the current accounting period.

The year-end is to be changed to September 30 and for the nine months to that date Mr. H. G. Ewer, the chairman, expects profits, before tax, to reach £1.2m compared with £1.09m for the full 1977 year.

Announcing this at yesterday's AGM the chairman said that subject to legislation it would be the Board's intention to pay a dividend of 1.4p per 10p share for the period on the capital enlarged by the one for five scrip issue. This would represent an effective increase of 60 per cent on the equivalent of 1.17p paid for the previous year.

A spokesman for the company last night said that under the Board's interpretation of the new dividend controls the proposed dividend increase would be permitted if a consistent accounting basis were adopted.

On the group's current position the chairman told the AGM that trading continued very satisfactorily with growth in both turn-

RESULTS AND ACCOUNTS IN BRIEF

STAVERT ZIGOMALA (HOLDINGS) (furniture wholesaler and investment concern)—Dividend 4.5p (1.9p) year ended March 31, 1978. Consolidated profits £26,059 (£28,860) less tax £9,548 (£9,142). Depreciation and amounts written off £941 (£4,425). Balance remaining £16,570 (£15,293). Profit of holding company £13,000 (£11,187) after tax £6,737 (£6,142).

CORN EXCHANGE COMPANY—Total income £268,719 (£238,842) for half year to June 30, 1978. Total expenditure £65,190 (£65,097). Net revenue before tax £183,529 (£174,845). Tax £92,500 (£91,000). Interim 1.099075p (0.983125p), maximum permitted, already announced. Board reports that all company's office premises are fully let.

ANGLO-AFRICAN FINANCE COMPANY—Pre-tax profit £124,304 for six months to January 19, 1979 (£322,437 for 18 months to July 19, 1977). Tax £24,701 (£76,335). Earnings per share 1.05p (2.64p). The Board has reverted to its usual practice of paying a single dividend and therefore do not propose an interim dividend. The Board will recommend a dividend in 1978 when results for year are known. The above results include those of the company and its wholly-owned subsidiaries and a dividend of £72,696 declared by Dewhurst Dent in respect of year to June 19, 1977. At June 19, 1976 the group held 45.46 per cent of Dewhurst Dent, the results of that group for the six months to January 19, 1976, not included in above figures are as follows: six months to January 19, 1978 group turnover total £9,244,054 and 45.46 per cent £4,220,371 (year to July 19, 1977, total £18,296,123 and 45.46 per cent £8,317,416) trading profit £198,022 and £190,032 (£1,054,393 and £479,327). Depreciation £193,126 and £87,795 (£430,392 and £195,615). Pre-tax profit £202,896 and £92,237 (£624,091 and £283,712).

LOWLAND INVESTMENT COMPANY—For nine months to June 6, 1978, earnings £146,536 (£122,028) after tax of £79,965 (£92,039). Earnings per share 1.87p (1.7p). Net assets per share 67.6p (60.2p).

LOWLAND INVESTMENT COMPANY—Interim dividend 0.9p (0.8p—total 2.1p) for year to September 30, 1978. Gross income for nine months to June 30, 1978, £332,257 (£307,970), interest charges and expenses £105,758 (£93,903), UK tax £79,965 (£92,039). Net earnings £146,536 (£122,028). Dividend £70,454 (£54,193). Earnings per share 1.87p (1.70p). Net assets per share 67.6p (60.2p). Includes full investment currency premium on $1.8595 32.0 per cent (41½ per cent). Value of investment currency premium per share 3.1p (2.3p). Valuation of investment £5,393,102 (£4,912,142). Net current assets £227,354 (£119,694). Earnings and net assets, per share, adjusted to reflect full conversion of loan stock for comparative purposes.

HEYWOOD WILLIAMS GROUP (aluminium and glass building materials, restaurants hotels)—Results for April 30, 1978 year reported July 14 in full preliminary statement. Fixed assets £2.39m (£2.86m), net current assets £2.71m (£2.45m). Liquidity increased by £1.41m (£1.21m). Meeting, Chester, August 22, at 12.15 pm.

H. T. INVESTMENTS—Gross revenue, half year to June 30, 1978, £122,933 (£117,412), franked £59,894 (£50,886) and unfranked £63,039 (£66,526). Revenue before tax £107,725 (£95,014) and after tax £82,499 (£55,698). Revenue figures not comparable owing to incidence of dividend payments. Net assets attributable to ordinary shares, including investments at market value, £2,979,184 (£2,730,267) equal to 121.11p (111.22p) per share. Investment currency premium, which stood at 32 per cent on June 30, 1978, amounted to £104,959 or 4.26p per share (41½ per cent, £93,373 or 3.79p per share).

STOTT BROS.—Turnover for year to March 31, 1978 £609,979 (£329,484) profit £7,751 (£5,823) after tax £10,010 (£6,580). Earnings per share 0.3142p (0.2897p), dividend 2.5p (same).

NEW YORK AND GARTMORE INVESTMENT TRUST—Gross revenue £231,778 for half-year ended June 30, 1978 (£124,301). Net Revenue (after expenses) £64,994 (£19,980). Taxation £33,797 (£17,573). Net Revenue available for Ordinary £31,197 (£2,407). Total Assets, less Current Liabilities, at market value, including full dollar premium of 32 per cent (32½ per cent) where applicable £6,359,303 (£6,038,582). Net asset value per 25p share 39.1p (36.4p). Net asset value and total assets include the premium of £49,870 (premium on deficit £605) applicable to the surplus on the Multi-Currency Loans.

MELDRUM INVESTMENT TRUST—Gross revenue for half-year to June 30, 1978, £404,736 (£361,929). After UK tax £134,510 (£125,241), available revenue £230,045 (£211,295), earnings per 25p share 1.18p (1.05p). Interim dividend 0.75p (0.625p) net already announced, absorbs £151,200 (£126,000). Net asset value 58p (57.7p at year end) per share.

JOHN SWAN AND SONS (livestock auctioneer and estate agent)—Results for April 30, 1978, year already known. Fixed assets £299,569 (£273,451), unquoted investments £13,744 (£14,917), net current assets £234,843 (£210,540). Chairman says company has made encouraging start to current year. Meeting, Edinburgh, August 22, at 4 pm.

NEW THROGMORTON TRUST—At August 1, 1978, net asset value per £1 of capital loan stock, 178.30p.

MINING NEWS

Marcopper leads Atlas in first-half

BY KENNETH MARSTON, MINING EDITOR

SHARPLY differing fortunes are reflected in the half-year results of the Philippines' major copper producers, Atlas Consolidated Mining and Development and Marcopper Mining Corporation, reports our Manila correspondent.

Although both companies received an average price of 57 cents per pound for their copper, net income of Atlas has plunged to Pesos 10.52m (£741,400) compared with P63.5m in the first half of last year while that of Marcopper has risen to P32.7m from P35.8m in the same period of last year.

The reason why Marcopper has *come out so well in the latest* period of low copper prices is that it has been able to reduce production costs by mining and milling higher grade ore. However, Atlas did better in the second quarter with earnings of P8.85m compared with P1.67m in the first three months of the year.

The rule that all locally-produced gold must be sold to the Philippines' Central Bank, which has its own refinery, has been relaxed. Gold contained as a by-product of copper can now be sold to overseas buyers. The copper companies had pointed out to the Bank that their gold by-products are covered by existing contracts to sell copper concentrates to overseas smelters.

Meanwhile, the country's major gold producer, Benguet Consolidated, reports record earnings of $6.46m (£3.34m) for the half-year, *some 84 per cent up on those of* a year ago. Furthermore, Mr. Jaime V. Ongpin, the president, says: "We are optimistic that our strong performance will be sus*tained for the balance of the* year."

However, it was not gold that produced the advance in earnings, but the exceptionally good performance of Benguet's 66.5 per cent-owned Engineering Equipment subsidiary which did well from Middle East construction operations. Benguet's gold production incurred a loss of $105,000 in the second quarter, but the total for the half-year still shows a profit of $120,000 compared with a loss of $165,000 a year ago.

Mr. Ongpin says that the Dizon copper-gold project is expected to start up as planned in the fourth quarter of 1979. Contracts *for the sale of up to 110,000* tonnes per year of copper concentrate production commencing in January 1980 were signed during the past quarter.

FLUOR'S STAKE IN OAKY CREEK

America's **Fluor Corporation** says that its **Fluor Australia** unit will co-manage initial development of a proposed 2m tons per year coking coal mine at Oaky Creek in Queensland. *The value of the* work to Fluor is about A$60m (£36m).

The entire surface coal mine project is expected to cost more than A$200m and is scheduled for completion in mid-1981.

The contract for initial design and development was awarded by **Houston Oil Minerals Australia**, a unit of **Houston Oil Minerals**, to a joint venture of the Fluor unit and **Brown Root**.

INSPIRATION BID CLOSED

The cash offer of $33 per share for the common stock of Inspiration Consolidated made by Hudson Bay Mining and Smelting and Minerals and Resources Corporation has now expired. Approximately 1.10m shares of Inspiration, or 36 per cent, were tendered under the offer.

Via their ***Inspiration Holdings*** subsidiary, the two Anglo American Corporation group members will own some 73 per cent of Inspiration Consolidated.

ROUND-UP

Ex-Lands announces a 1977 pre-tax profit of £296,544 compared with £225,101 in the previous year. Tax takes £128,631 (£113,562). An unchanged dividend is declared of 1.117p for payment on October 2.

* * *

The **Rio Tinto-Zinc** group's 66.2 per cent-owned Canadian **Brinco** subsidiary says it is continuing *to review the feasibility of the* Labrador uranium project in which it is partnered with Urangesellschaft. The major areas for Brinco's field exploration in 1978 *are in Newfoundland*, Saskatchewan and the Yukon. The company is participating in three uranium programmes in the Athabasca basin of Saskatchewan.

* * *

Canadian sharemarket interest is being excited by the Saskatchewan uranium prospects of **Asamera Oil**. Uranium has been encountered on three out of four of the anomalies drilled—there are 65 anomalies — but values have been small apart from an exceptional 1.74 metre zone on the third anomaly which assayed a high 24.95 lbs uranium per ton. Drilling is continuing.

* * *

Of latest Canadian gold exploration news, **Consolidated Cinola Mines** of Vancouver has outlined a possible low grade open-pit proposition on the Queen Charlotte Islands of British Columbia. **Quatsino Copper-Gold Mines** has recently started production on its placer gold lease between Yale and Hope, BC, where drilling is reported to have indicated 2m cubic yards averaging around 0.03 ounces per yard.

Recovery under way at 'Blacon'

Mr. David Alderman, chairman of **Blackman and Conrad**, tells members that the results of actions taken show that the group is on the way to recovery and ultimate profitability.

He reports that order levels are being maintained and the group has still not realised the full benefits of the savings resulting from the rationalisation and *streamlining which is still being* effected.

The changes proved more costly than anticipated and the major part of such costs were absorbed *in the second half of 1977-78*. Mr. Alderman is confident, however, that the effect of the savings will become apparent in the second half of the current year.

In the year ended January 31, 1978, the group showed a turnround from a profit of £103,796 for 16 months to a loss of £216,445.

The chairman says that *since* January 31 there has been a further substantial decrease in bank borrowings and creditors—at the year-end they stood at *£1.37m and £1.93m respectively*.

Meeting, Bonnington Hotel, W, August 21 at 11 am.

BIDS AND DEALS

Piran bought ½m Orme shares 'by mistake'

Saint Piran, the mining and building group, *is arguing before* an inquiry of the City Take-over Panel that it was not acting in concert with Mr. Tanner and Mr. Whitfield when it bought 1m *shares in Orme Developments* last Friday.

Moreover, it says that half of the share purchase, which took the combined Saint Piran/Tanner/Whitfield stake over the 30 per cent trigger level for a bid, was made by mistake.

Shares of Orme, the housebuilder, were suspended at 56½p yesterday at the company's own request, pending the outcome of an inquiry by the Panel into the 1m share purchase. The Panel had explicitly told those concerned that they were considered to be acting in concert. This meant that they could not buy more than 30 per cent of the *company between them without* triggering a bid.

The broker to Saint Piran, Joseph Sebag, said yesterday that it was well aware of this ruling, although it did not agree with it. Last Friday, Sebag received instructions originating from Mr. W. J. Shaw, chairman of Saint Piran, then in Bangkok, to buy 500,000 shares in Orme. Sebag checked the figures and found that this would be within the 30 per cent limit.

But unknown to Sebag, the chairman also put through instructions to another broker, Foster Braithwaite, to buy a further 500,000 shares, thus *breaking through the trigger* level. The chairmen, says Mr. Robert Eastham of Sebag, was unaware that there was any question of Saint Piran being deemed to b acting in concert with Mr. Tanner and Mr. Whitfield.

The Panel is expected to rule in the very near future. If it is persuaded that the parties were not acting in concert then the purchase would be expected to be allowed to stand. If it con*siders that Saint Piran was acting* in concert but went over the limit by mistake then it could require that the excess shares be sold. If it considers that Saint Piran was acting in concert and did not buy the extra shares by mistaken then it might even go so far as to insist on a full bid.

Orme is currently the subject of a £10m bid from another housebuilder, Comben.

Mr. Bob Tanner, speaking from Cannes, said yesterday that he had been advised that the concert rule would apply. In fact thas had been one of the considerations borne in mind *when he and Mr. Whitfield* accepted the offer by Saint Piran for their 22 per cent stake.

They believed that Saint Piran would either buy more shares and *trigger a bid or else* have to stay content with a stake which was not big enough to block a bid attempt by someone else. In this way Messrs Tanner and Whitfield kept alive the chance of benefiting from an outright bid for the whole company. They retain a 5 per cent interest in Orme.

JFB PLACES AURORA STAKE

In the final clearing up move *related to the takeover by Aurora* **Holdings of Samuel Osborn, Johnson and Firth Brown** has placed its 9.97 per cent stake in Aurora with 13 institutions.

JFB acquired the stake when it sold its 20 per cent holding in Osborn to Aurora last April.

Yesterday, Mr. Robert Atkinson, chairman of Aurora, said it had always been expected that *JFB* would eventually sell the holding and arrangements had been made for the sale to go through Aurora's brokers, Panmure *Gordon*.

He did not believe that the close relationships between the two companies would be weakened by the sale. Indeed, he thought that it would "help the relationship which would now be based on trading rather than coloured by a monetary stake."

For its part JFB said that the stake no longer had any strategic importance. JFB had released *£1.7m or so in cash through the* sale (of 1.8m shares at 95p) and would at the same time continue *its trading links with Aurora*.

JFB would not say whether the money was earmarked for further acquisitions.

OFFER FOR FRITH NOW 86½p

Corinthian Holdings, a relatively small *shareholder in W. G. Frith*, has negotiated an offer from Frith Foils that is 16½p per share higher than the bid which the independent director and his adviser James Finlay Corporation had previously recommended.

Corinthian, which owns 2 per cent of Frith, has now withdrawn its objections to the deal which it set out in a letter to shareholders on July 25 and will be accepting the new 86½p per share bid in respect of its own stake.

Finlay and the independent director and chairman, Mr. Spencer May, will be recommending the increased offer although they still say they consider the original 70p per share offer was "fair and reasonable." They consider the increased offer to be "generous."

Acceptances of the original offer amount so far to 40.9 per cent. This, together with the shares already owned by Foils and the shares in respect of, which Corinthian has said it will now accept, amount to 80½ per cent of the company.

The increased offer will naturally apply to those who accepted the original offer as well as those who accept the amended one.

AE forecasts £28m—£30m

Associated Engineering is forecasting a pre-tax profit of between *£28m and £30m for 1977/78* but the dividend will not increase by 15 per cent—as intended—now that legislation extending dividend controls has been passed.

The comments, made in the offer documents for Fluidrive, failed to dampen the market for AE's shares which closed 1p higher at 112½p yesterday.

AE is offering three ordinary shares for every four Fluidrive shares (which values Fluidrive shares at around 85p on the closing price) or 80p cash. The offer is being recommended by Fluidrive directors.

The profit forecast is based on AE's unaudited results for the eight months to May 31 plus an estimate for the four months to September 30. It includes profits of overseas subsidiaries at rates of exchange ruling on July 24.

Outlining the reasons for recommending the AE offer, Mr. D. L. Donne, Fluidrive's chairman, said it represented an increase of 49 per cent over the share price prior to the initial offer made by Thomas *Tilling (which the Fluidrive Board* rejected in June).

He also pointed to the AE board's intention to maintain and develop the business of Fluidrive and *its belief that Fluidrive can* form the nucleus of a specialist industrial power transmission group.

Fluidrive directors will accept *the offer in respect of their own* beneficial shareholdings which amount to some 0.3 per cent of outstanding capital.

See Lex

ALNWICK BWY.

The offers on behalf of Drybrough and Company, a wholly *owned subsidiary of Grand Metro*politan, to acquire the capital of The Alnwick Brewery Company, have become unconditional and will remain open until further notice.

Acceptances of the Ordinary offer have been received representing 91.3 per cent of the Ordinary capital. Acceptances of the Preference offer represent *95.7 per cent of the Preference* capital. Drybrough intends to compulsorily acquire the outstanding shares in due course.

CRYSTALATE TO DOUBLE TURNOVER

Crystalate, the electronic and *plastics group, should double* its turnover this year as a result of the recent acquisitions of Osborne Electronics and Greendale Electronics.

Net assets will also increase to £1.6m (£1.18m) not including the surplus on revaluation of Osborne's properties (which could amount to £733,000) and after deducting full deferred tax (£438,000). Crystalate's own profits for 1978 will add further to this figure.

Mr. John Leworthy, the chairman, gave shareholders this information in a document which also highlighted difficulties Crystalate has encountered in its purchase of Greendale.

Crystalate agreed to buy Greendale, a telecommunications subsidiary of Edinburgh Industrial Holdings, for a sum equal to *the amount by which Greendale's* net assets exceeded £137,000 on March 31. In the event the auditors addressed the assets at only £21,711, the discrepancy being *attributed* to lower than expected stocks at the year end.

Crystalate, which has also advanced Greendale (which suffered a fire last year) £360,000 for working capital, is now claiming the shortfall on the assets back from Edinburgh but Edinburg is contesting the claim.

Crystalate does not believe the defence is substantial and still considers Greendale a sound recovery prospect with the added advantage of £292,000 tax losses.

Lovell sets up deal with ICI

BY JOHN MOORE

Building contractor Y. J. Lovell (Holdings) is negotiating with Imperial Chemical Industries in a move to purchase all the equity of Farrow Group, an ICI subsidiary. If successful the acquisition of Farrow would increase Lovell's *current turnover by 30 per cent* bringing the combined total to around £90m.

Lovell says that Farrow's interests in construction, house *building, plant hire and property* development will complement the group's own activities. In addition, Farrow will give Lovell better representation in building activity in the North of England and the Greater London area.

In its last financial year to the end of September, Lovell made pre-tax profits of £1.61m on turnover of *£54m*, while Farrow showed taxable profits over the same period of £288,000 on turnover of £22.6m. Farrow had net worth of around £4m while *Lovell had shareholders' funds of* around £13.7m.

ICI said yesterday that the move represents its continuing disengagement from its interests in the building sector, which it built up in the mid-60s in order to develop markets for paint and plastic products.

Although Lovell showed net *borrowings in the last balance* sheet of £3.2m the purchase is to be a cash transaction. It is intended for completion by the end of September in order to dovetail *the two financial years of both* groups, which conveniently run over the same period.

DE VERE HOTELS

Barclays Bank Staff Pension Fund has exercised its right to convert its remaining holding of £500,000 8½ per cent convertible unsecured loan stock 1993 into 378,787 ordinary shares of De Vere Hotels and Restaurants.

The shares resulting from this conversion have now been duly allotted and a listing has been obtained. The Fund's holding of *ordinary shares is thus increased* to 3.6 per cent of the increased ordinary capital of De Vere.

CBI QUARTERLY INDUSTRIAL TRENDS SURVEY

Industry shows few signs of upturn as order books lag

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MANUFACTURING industry has failed significantly to increase its volume of business or to become more optimistic about *future prospects* during the past three months, according to the Confederation of British Industry's quarterly industrial trends survey.

Published yesterday, the survey shows that business confidence remains cautious and that companies' intake of new orders remains slow, as was the case when the last survey took place in April.

There is still widespread below-capacity working and output levels remain sluggish, says the CBI. Forecasts covering the next four months for new orders and volume of production do not suggest any substantial changes in the picture.

However, trends in exports reported in the survey, which was conducted among 2,000 manufacturing companies between July 3 *and 19, seemed to be* improving slightly. There was a marginal improvement in optimism about overseas competitiveness. General invest*ment trends also remained* strong.

"These results are disappointing in that there is no real indication of manufacturing industry as a whole becoming any busier," concludes the CBI. "On the basis of the forward looking indicators in the survey, this is unlikely to change much over the next few months. Lack of orders is the basic problem facing most companies."

To achieve the necessary improvement in UK competitiveness and therefore its share in world markets, there would have to be moderation in pay settlements and an improvement in productivity. "Rapid pay inflation would be disastrous for both growth and employment as well as for price inflation."

Two-thirds of the companies in the survey reported that their optimism about the general business situation has not *changed over the past four* months, and the remainder were split equally between being more and less optimistic. This has been broadly the same for the past 18 months.

Sluggish

What signs there are of increased optimism occur mainly in parts of the chemicals industry, contractors' plant, paper products, man-made fibres, and spinning and weaving. But textile machinery manufacturers and companies in non-ferrous *metals are less optimistic than* they were four months ago.

Compared with the last survey, there has been a small fall from 66 to 64 per cent, in the proportion of companies working below capacity. The figure remains similar to those recorded since *the beginning of last year, and* shows that below-capacity working continues to be as widespread as at the bottom of all recessions over the past 20 years except *for that of 1975-77*.

The volume of output has risen during the past four months for only a small balance of com*panies, mainly in paper, printing* and publishing. But movement of stocks of raw materials, work in progress and finished goods has not been dramatic during the *past four* months. In the coming four months a slight trend towards de-stocking is envisaged, although the CBI adds that such forecasts have not always been realised in the past.

Stocks of finished goods are once again regarded as adequate, or more than adequate, by 90 per cent of the survey companies affected.

Turning to order books, the *survey shows that there has been* no pickup over the past four *months in the rate of intake of* new orders. Looking ahead to the next four months, the CBI says that a marked recovery in demand does *not* seem to be expected by manufacturing industry.

But the picture varies with, for example, chemicals companies recording better orders. Paper, printing and publishing also stands out as one of the industries experiencing better times.

There has also been a big improvement, which is expected *to continue, in new orders for* electrical consumer goods. This, says the CBI, seems to be "just about the only clear indication as yet that the revival in retail *sales, suggested by official* statistics, is having an impact on manufacturing industry."

In volume terms, total order books are below *normal* for 42 per cent of companies. This compares with 40 per cent a month ago, and with 45 per cent in April and at the beginning of both this year and last year.

Nearly 80 per cent of the companies expect output to be held up over the next four months because of lack of orders or sales. This is the main constraint to output, and the percentage of nearly 80 per cent is the average for the period since January, 1975.

"In other words, firms still see no real improvement in demand now vis-a-vis the last two and a-half years of recession," says the CBI.

Shortage of skilled labour is also a significant limiting factor *for 22 per cent of the companies* which report that they could produce more if they had the right skilled workers. In some industry groups, mainly centring around engineering, the percentage worried about skilled labour shortages rises to 40 per cent of the survey companies.

Investment intentions are moving much in line with the experience of previous business cycles. Last year there was a substantial increase in the volume of private manufacturing fixed capital expenditure. From *this higher base, future expected* capital authorisations are now declining in relative terms, but no faster than would be expected from past experience, comments the CBI.

It forecasts that the volume of private manufacturing investment will rise by about 10-12 per cent in 1977-78, and by about 10 per cent in 1978-79. This would imply a rise of 40 per cent over a three year period 1977-79.

The survey suggests that investment intentions are strongest among the largest companies and among producers of capital and consumer goods, rather than intermediate goods. Electrical engineering stands out among broad industry groups as one of the strongest.

Despite the shortages of skilled workers there is no evidence that manufacturing industry as a whole is actively seeking to increase labour forces. Indeed, lower employment is again a feature among larger companies, and the forecast to November suggests that the numbers of people employed in manufacturing industry will continue to decline.

Export hopes

Nevertheless, among the smallest companies, there are reports of more people being employed, and this is expected to continue towards the end of the year.

Six out of ten companies have seen average costs per unit of output rise over the past four months, and they have fallen for only 2 per cent. The number of companies reporting an increase in average prices at which domestic orders are booked is much the same as in April.

On overseas business there has been a very slight strengthening of confidence about export prospects for the next 12 months, with 23 per cent of companies being more optimistic than four months ago and 20 per cent less. This is the first time that the balance between the two has swung in favour of more optimism since April last year, and it specially reflects a big improvement over the past four months in chemicals.

Some other industries are also more confident, but the greatest pessimism is among the largest companies.

More companies also expect order books to increase during the next four months, and there has been a widespread increase in export deliveries during the *past four months* in some industries such as consumer chemicals, contractors' plant, and drink and tobacco.

Of the factors likely to limit new export orders in the immediate future, prices relative to those of overseas competitors remains by far the most common. But the general *impression* throughout manufacturing industry is that price competitiveness has become a slightly less serious barrier to winning new *export orders*.

CBI Industrial Trends Survey, April 1978, No. 69. Full Results. Annual subscription £50 (CBI members £20). 21, Tothill Street, London, SW1.

Export trade

Firms completing these questions have direct exports exceeding £10,000 per annum. Number of respondents 1,466.

	More	Same	Less	N/A
Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago	23 (18)	57 (57)	20 (24)	1 (1)

	Above normal	Normal	Below normal	N/A
Excluding seasonal variations, do you consider that in volume terms your present export order book is	18 (13)	39 (39)	40 (45)	3 (3)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months: Up	Same	Down	N/A	Expected trend over next four months: Up	Same	Down	N/A
Volume of total new export orders	26 (23)	47 (40)	26 (34)	2 (3)	26 (24)	62 (55)	10 (18)	2 (3)
Volume of export deliveries	27 (23)	50 (45)	22 (30)	1 (2)	29 (26)	57 (52)	13 (20)	1 (2)
Average prices at which export orders are booked	38 (42)	34 (41)	6 (15)	1 (2)	43 (38)	50 (51)	4 (8)	1 (2)

What factors are likely to limit your ability to obtain export orders over the next four months:

Prices (compared with overseas competitors)	Delivery dates	Credit or finance	Quota and import licence restrictions	Political or economic conditions abroad	Other
57 (66)	18 (17)	7 (8)	17 (17)	26 (37)	13 (7)

Details of replies

TOTAL TRADE—2,014 respondents. All figures are percentages on a weighted sample. Figures in parentheses show the response to the survey carried out in May.

	More	Same	Less
Are you more, or less, optimistic than you were four months ago about the general business situation in your industry	16 (17)	68 (63)	16 (20)

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on:

	More	Same	Less	N/A
(a) Buildings	18 (22)	37 (40)	33 (28)	11 (9)
(b) Plant and machinery	38 (41)	36 (36)	25 (23)	1 (1)

	Yes	No	N/A
Is your present level of output below capacity (i.e. are you working below a satisfactory full rate of operation)	64 (66)	35 (33)	1 (1)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
(a) Your present total order book is	13 (13)	43 (41)	42 (45)	3 (1)
	More than adequate	Adequate	Less than adequate	N/A
(b) Your present stocks of finished goods are	19 (19)	59 (59)	9 (9)	14 (13)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months with regard to:

	Trend over past four months: Up	Same	Down	N/A	Expected trend over next four months: Up	Same	Down	N/A
Numbers employed	18 (15)	49 (49)	33 (36)	— (—)	14 (15)	61 (55)	25 (30)	— (—)
Volume of total new orders	26 (26)	45 (44)	27 (27)	2 (2)	28 (26)	58 (58)	13 (13)	2 (2)
of which: Domestic orders	26 (27)	48 (46)	25 (24)	2 (4)	24 (24)	63 (60)	11 (12)	2 (4)
Volume of output	21 (27)	60 (54)	19 (19)	— (—)	27 (27)	63 (62)	10 (11)	— (—)
Volume of domestic deliveries	25 (26)	54 (51)	20 (22)	1 (1)	26 (31)	63 (56)	11 (12)	1 (1)
Stocks of: (a) Raw materials and brought in supplies	20 (22)	59 (57)	20 (19)	1 (2)	13 (14)	70 (66)	16 (18)	2 (2)
(b) Work in progress	18 (26)	61 (52)	14 (15)	6 (6)	12 (13)	67 (67)	15 (15)	6 (5)
(c) Finished goods	24 (25)	46 (46)	17 (17)	13 (12)	12 (17)	58 (35)	17 (16)	13 (12)
Average costs per unit of output	60 (63)	38 (31)	2 (4)	1 (1)	64 (63)	33 (32)	2 (4)	1 (1)
Average prices at which: Domestic orders are booked	44 (48)	52 (45)	3 (6)	1 (1)	56 (52)	41 (45)	2 (2)	1 (1)

Approximately how many months' production is accounted for by *your present order book or production schedule*:

Less than 1	1-3	4-6	7-9	10-12	13-18	More than 18	N/A
13 (13)	45 (44)	15 (15)	5 (5)	1 (2)	2 (3)	1 (1)	17 (18)

What factors are *likely to limit your output* over the next four months:

Orders or sales	Skilled labour	Other labour	Plant capacity	Credit or finance	Materials or components	Other
77 (79)	22 (20)	4 (4)	10 (11)	2 (3)	5 (3)	4 (4)

Factors likely to limit your capital expenditure authorisations on buildings, plant and machinery over the next 12 months:

(a) I have adequate capacity to meet expected demand	75 (75)
(b) Although I have adequate capacity, I have also *capital investment opportunities* which would be profitable at the present cost of finance, but I shall not be undertaking some of them for the following reasons:	
(i) Shortages of internal finance	6 (7)
(ii) Inability to raise external finance	2 (1)
(iii) Shortage of managerial and technical staff	3 (3)
(iv) Shortage of labour	2 (3)
(v) Other	1 (1)
(c) My capacity is not adequate to meet expected demand but I do not intend *increasing my capacity. This is for the* following reasons	3 (2)
(i) Not profitable because of the cost of finance	— (—)
(ii) Shortage of internal finance	1 (1)
(iii) Inability to raise external finance	— (—)
(iv) Shortage of managerial and technical staff	— (1)
(v) Shortage of labour	— (1)
(vi) Other	2 (1)
(d) None of the above is applicable	21 (22)

NORTH AMERICAN NEWS

National Airlines cool on TXIA bid

BY JOHN WYLES

NEW YORK, August 1.

AFTER DISCUSSIONS lasting late into the evening, the Board of National Airlines has opted for a muted public reaction to the take-over challenge by the smaller regional airline, Texas International Airlines.

National, one of the world's top 25 airlines, appears to have decided that TXIA's ambitious plan has already stirred up enough hostile reaction from sections of the Civil Aeronautics Board and from the Florida State authorities to make any thundering denunciation unnecessary at this stage.

The Board's statement stressed last night that there had been no contacts with TXIA over the matter; that it was pleased with the reaction from Florida and the CAB; and that the affair raised substantial legal as well as business issues which shareholders should weigh carefully.

National's carefully worded response may well spring from a conviction that it is well protected by provisions of the Federal Aviation Act which TXIA could find difficult to rack. The regional carrier is seeking CAB approval to gain control of national by adding to the 9.2 per cent stockholding it has already acquired in the open market.

TXIA's statement that it would purchase no more than 25 per cent without CAB approval has already run into attack from the agency's bureau of consumer protection which claimed that any additional purchases of stock would be "a knowing and wilful violation of the act."

Moreover the CAB's quasi judicial procedures require hearings on TXIA's aplication which could delay a final decision by up to a further 18 months. In the meantime a legal challenge to any further purchases of National's stock by TXIA cannot be ruled out.

National's market capitalisation is currently more than $20m, but opinion is hardening that TXIA has concluded that it will not need 100 per cent shareholding to gain control. TXIA is itself controlled by Jet Capital Corporation on the basis of a 44 per cent shareholding. Thus the Texan airline may well have concluded that control of the very much larger business can be acquired for $25m to $40m in addition to the $14.6m already spent on stock purchases. TXIA has already said it plans to finance its purchases partly through $25m debenture issue outside the U.S.

Meanwhile, a Florida state judge withheld a temporary restraining order against any further TXIA purchases which was sought yesterday by the Florida state comptroller. Instead, he asked the comptroler to request TXIA not to make any further purchases pending a hearing. If TXIA refuses, then a hearing on the comptroller's suit will take place within the next few days.

Quaker Oats sees 10% gain in profits

CHICAGO, August 1.

QUAKER OATS said it expects earnings per share for its 1978 fiscal year ended June 30 to be up by about 10 per cent from the $3.01 a share reported a year ago.

The company said it will report sales and earnings in about three weeks.

Operating results essentially met expectations, with significant contributions to the earnings per share improvement coming from a return to modest profitability in the chemicals division, as well as a lower effective tax rate on international operations, the company said.

Reuter

Colonial Stores fails to stall Grand Union tender

BY OUR OWN CORRESPONDENT

NEW YORK, August 1.

COLONIAL STORES has failed in one of its attempts to forestall a $114m tender offer by Grand Union, the U.S. subsidiary of Sir James Goldsmith's Cavenham group.

The Georgia-based grocery chain had sought a hearing before the Virginia State Corporation Commission on its complaint that Grand Union had not made full disclosure in its application for registration of its $30-a-share offer. Registration is needed in Virginia because Colonial is incorporated in that state and today's decision that there was no cause to grant a hearing suggests that the state of Georgia may take a similar attitude to an application from Colonial.

Colonial has alleged that Grand Union failed to reveal that it had obtained $30m from Prudential Insurance of America to help finance the proposed acquisition, which would create the eighth largest supermarket chain in the U.S. It also claimed that "internally generated" funds for the purchase included bank overdrafts and money made available by not paying suppliers "in a timely manner."

Meanwhile, hearings have been set in the Fulton County Georgia, Federal District Court for August 21 on Colonial's application for an injunction against a Grand Union tender offer. If this court bid fails then Grand Union can be expected to press ahead with a formal offer to shareholders before the end of the month.

However, Federal Trade Commission approval would ultimately be required for a successful acquisition and the anti-competitive aspects of any merger are bound to be carefully scrutinised.

Setback at Champion Spark Plug

TOLEDO, August 1.

CHAMPION SPARK PLUG, which makes spark plugs and spraying equipment, made lower second quarter net profits of $10.6m against $12.5m, or 28 cents, against 33 cents a share, reports AP-DJ. Sales were ahead from $138.4m to $152m.

Net profit for the first half are up from $24.7m to $31.3m, or from 65 cents to 82 cents. Sales came to $341.5m compared with $288m.

The company said its second quarter earnings declined because domestic spark plug sales dropped after unusually heavy sales in the first quarter as customers built up inventories ahead of a March 15 domestic price increase.

In addition, Champion said its losses attributable to foreign currency fluctuations were 3 cents a share during the most recent quarter compared with less than 1 cent a share a year ago.

Liggett growth

Liggett Group, one of America's leading tobacco groups which sold off its foreign cigarette business to Philip Morris earlier this year for $108m, has turned in second quarter net earnings from continued operations of $8.5m, or 89 cents a share, against a corresponding $6.2m or 65 cents a share, AP-DJ reports from New York. This was before writing off goodwill of $17.3m earnings from the cigarette sale and before a gain on the sale of $30.4m, which made a net of $23.8m or $2.58 a share. Second quarter earnings of the international cigarette division last year were $282,000.

TAKEOVER SCENE

Leeds Northrup deal approved

STAMFORD, August 1.

DIRECTORS OF General Signal and Leeds Northrup at separate meetings have approved a definitive agreement for the acquisition by General Signal of all shares of Leeds Northrup not already owned for about 3.6m shares of Signal's common stock.

Mr. Nathan R. Owen, chairman of General Signal, and Mr. David T. Kimball, president and chief executive of Leeds Northrup, said the agreement, which is expected to be executed in the coming months, is subject to approval by stockholders of both companies at special meetings scheduled for October 2.

General Signal said the agreement provides that each Leeds Northrup common share, other than those held by that company's treasury or by General Signal, will be exchanged for 1.375 shares. The offer is subject to a ruling that the transaction will be tax free.

The company said it currently holds 1.3m shares, or 33.5 per cent of Leeds Northrup.

If the average value of General Signal stock to be exchanged for Leeds Northrup falls below $40 a share during a certain period, Leeds Northrup has the option of ending the merger agreement, unless General Signal adjusts the terms to provide a value of $40 a share.

The price of the General Signal stock for the exchange will be based on its average closing price on the New York stock exchange during the 10 trading days before the meeting of Leeds Northrup shareholders called to approve the merger.

Meanwhile Brenner Industries reports that it will hold a special meeting on August 30 so that shareholders can consider a merger into Browning-Ferris Industries of Houston

The company said shareholders will consider the spin-off of a Brenner subsidiary, Brenner Iron Metal, into a new firm to be called Brenner Cos.

PPG Industries Incorporated said it has agreed in principle to purchase the chemical products division of Chemetron Corporation a wholly-owned subsidiary of Allegheny Ludlum Industries Incorporated.

Southern Pacific is continuing its apparent takeover attempt of Seaboard Coast Line Industries Incorporated despite increased resistance by Seaboard as shown by a formal complaint to the Interstate Commerce Commission.

Whittaker Corporation has signed a definitive agreement for the merger of Medicus affiliates Incorporated into a whilly owned subsidiary of Whittaker.

Agencies.

Airline reverse

Northwest Airlines' net income in the second quarter fell to $20.55m, or 95c a share, from $27.24m, or $1.26 a year earlier. Revenues declined to $160.3m from $251.56m, reports AP-DJ. The 1978 net includes a before-tax gain on the sale of property of $16.2m.

Northwest attributed the decline in second quarter revenues and earnings to a pilots' strike which began April 29.

Union Bancorp

Union Bancorp said its auditors removed their qualification from their opinion on the company's 1977 financial statements related to litigation arising from Union Bank's relationship with U.S. Financial, AP-DJ reports from Los Angeles. The qualification was removed because an agreement was reached for settlement of a major portion of that litigation.

$66m share sale

Public Service Electric and Gas Company has completed negotiations for the sale of 3m common shares to a group of underwriters headed by Merrill Lynch, Pierce Fenner and Smith and Kidder Peabody, at $22.07 per share. Proceeds will be used for general corporate purposes, including payment of a portion of the cost of the company's current construction programme. The underwriters began offering the shares to the public at $22.75.

Further decline at Kennecott

BY DAVID LASCELLES

NEW YORK, August 1.

THE TWO largest U.S. copper producers today reported further declines in earnings due to the weakness of the copper market.

Kennecott Copper's earnings were $3.4m, equal to 10 cents a share, less than one-third of the $10.5m or 32 cents a share earned in the same quarter last year. The average price received for copper was 61.3 cents per pound against 69.4 last year.

However, these figures are misleading since 1978 sales include those of the Carborundum Company, which Kennecott acquired at the beginning of the year. Earnings from the new subsidiary "were sufficient to offset the decline in copper prices," Kennecott said. The quarterly breakdown shows that of total sales of $488.4m, Carborundum contributed $202.7m. Kennecott's sales in the second quarter of 1977 were $281.5m.

The company also said that it sold a portion of its inventory of unrefined gold and silver to help cash flow.

Kennecott blamed the weakness of copper prices on the high level of imports, and says it has petitioned, along with 11 other U.S. producers, the International Trade Commission for relief.

Kennecott produced 62,500 tons of copper in the quarter, but drew on stocks to sell 89,800 tons, accumulated when production outran sales last year.

Phelps Dodge also had a sorry tale to tell. Net income for the quarter was $11m or 45 cents a share, down from $17.5m or 85 cents a share last year. Sales were also down by $23m to $252m.

According to Mr. George Munroe, chairman, the drop reflected primarily the sale of less copper, at lower prices, than in the comparable 1977 operations. Net income was also hit by losses registered at its 40 per cent-owned subsidiary, Consolidated Aluminium Corporation, due to operational problems and high energy charges.

Against this, though, Phelps Dodge's manufacturing operations continued to do well, and Western Nuclear, a wholly-owned subsidiary, recorded a pre-tax gain of $2.7m on the sale of three small uranium properties.

Phelps Dodge sold 77,800 tons of copper in the quarter, compared with 79,900 tons last year, and produced 82,600 tons.

BRIEFLY

Armstrong Cork first half increase

NEW YORK, August 1.

The building materials and interior furnishings company Armstrong Cork had net income for the first six months of the current fiscal year of $35.1m compared with $26.3m last time. Earnings per share were $1.38 against $1.01, on sales revenues higher at $619.3m compared with $538.1m.

The chemical additives concern Lubrizol Corporation rose from $1.43 a share to $1.78 for the same period, while two Canadian companies also reported increases in per share earnings for the first half; Transcanada Pipelines rose from $1.12 to $1.20, and Dominion Foundries and Steel advanced from C$1.97 to C$2.32.

For the second quarter, abrasives manufacturer Norton Company rose from $1.52 to $2.09 a share while National Medical Care expanded from 40 cents to 50 cents. Mapco which is involved in the production and piping of liquid fuels, rose from 78 cents to 86 cents, and Revere Copper and Brass almost doubled from 55 cents to $1.05.

Also for the second quarter, house builder Ryan Homes reported net earnings down from 74 cents to 72 cents a share.

For the first quarter, the real estate and cement concern Centex Corporation expanded from 51 cents to 55 cents, and for the past 12 months Niagara Mohawk Power, a utility, edged upwards from $1.74 to $1.84.

Agencies.

EUROBONDS

Murata Manufacturing raising DM40m

BY MARY CAMPBELL

THE EUROBOND market was reasonable quiet yesterday, not least because most of Switzerland was on holiday. One Japanese convertible closed in Germany, and one new one was launched.

The new issue is DM 40m for Murata Manufacturing Company, Japan's leading manufacturer of ceramic condensers. The issue offers a 3¼ per cent coupon on an eight-year final maturity at par. Bayerische Vereinsbank is lead manager.

The issue which closed was DM 40m for Korakuen Stadium Company, being sold through BHF-Bank. The final terms of the 8¼-year issue included a conversion price of Y480 per share and a premium of 6.7 per cent over Monday's closing price in Tokyo. The DM-yen exchange rate was fixed at Y97.5 per D-Mark.

The best news in the D-Mark sector was the steadier tendency in the domestic market, where the Bundesbank did not have to buy paper significantly yesterday.

The domestic market is concentrated on the current tender for Federal Government Kassenobligationen—tenders have to be in by Thursday and dealers keenly await the interest rate levels which the Government will accept.

AMERICAN QUARTERLIES

BANGOR PUNTA

Third Quarter	1978 $	1977 $
Revenue	177.2m	145.9m
Net profits	6.57m	4.15m
Net per share	1.09	0.72
Nine Months		
Revenue	486.1m	423.5m
Net profits	19.3m	15.7m
Net per share	3.16	2.58

GENERAL CABLE

Second Quarter	1978 $	1977 $
Revenue	185.9m	163.1m
Net profits	9.47m	6.55m
Net per share	0.62	0.45
Six Months		
Revenue	365.4m	310.0m
Net profits	16.8m	12.06m
Net per share	1.10	0.84

NATOMAS

Second Quarter	1978 $	1977 $
Revenue	124.4m	152.8m
Net profits	18.9m	17.4m
Net per share	2.14	2.24
Six months		
Revenue	227.2m	281.3m
Net profits	36.0m	39.2m
Net per share	4.26	5.13

UTD. ENERGY RESOURCES

Second Quarter	1978 $	1977 $
Revenue	445.3m	379.3m
Net profits	18.3m	17.1m
Net per share	1.55	1.45
Six months		
Revenue	972.4m	780.8m
Net profits	42.9m	39.1m
Net per share	3.63	3.32

DOMTAR

Second Quarter	1978 $	1977 $
Revenue	316.0m	249.2m
Net profits	15.2m	3.9m
Net per share	1.02	0.26
Six Months		
Revenue	592.8m	482.9m
Net profits	24.0m	8.2m
Net per share	1.60	0.54

P. A. HUNT CHEMICAL

Second Quarter	1978 $	1977 $
Revenue	23.9m	19.0m
Net profits	3.4m	3.2m
Net per share	0.31	0.31
Six Months		
Revenue	43.9m	35.3m
Net profits	5.7m	5.6m
Net per share	0.55	0.58

STEEL COMPANY CANADA

Second Quarter	1978 $	1977 $
Revenue	488.8m	375.4m
Net profits	37.4m	30.6m
Net per share	1.40	1.13
Six months		
Revenue	900.1m	715.8m
Net profits	62.5m	51.6m
Net per share	2.31	2.02

ZAPATA

Third Quarter	1978 $	1977 $
Revenue	141.5m	108.3m
Net profits	6.3m	2.3m
Net per share	0.90	0.27
Nine Months		
Revenue	360.8m	301.6m
Net profits	9.4m	4.8m
Net per share	1.09	0.58

US STEEL COMPANIES

Order flow brightens outlook

BY JOHN WYLES IN NEW YORK

The future for America's steel companies does not look quite so bleak as it did a year ago. Some painful rationalisations have already taken place and relief from imports may be on the way

SUCH WAS the volume of disturbing news of record financial losses, plant closures, and of companies apparently close to failure, that ten months ago the U.S. seemed in danger of losing a good part of its steel industry. The burden of outmoded equipment, Government regulation, slack demand, and record imports seemed almost too much to bear and a "steel crisis" loomed as a major problem for the Carter Administration.

None of these problems has yet disappeared. But for the moment they are clearly less damaging, with second quarter earnings results from many companies in the past couple of weeks presenting a spectacularly improved picture. Gains ranging from Republic Steel's extremely modest 4 per cent, through U.S. Steel's 54 per cent, to Wheeling Pittsburgh's 218 per cent certainly put a changed perspective on the industry's outlook, although they do not by any means transform its financial position.

A number of company chairmen stressed that they were benefiting from a stronger market and were cheered by the order flow which augured well for the second half of the year. But typically it was Mr. Edgar Speer, chairman of the industry's largest company, U.S. Steel, who sounded a note of dissonance by complaining that pressure from Washington to forego further needed steel price increases when the market is strong "is a deterrent to realising the profits necessary for further productivity improvements."

After two extremely lean years, Mr. Speer is understandably anxious to maximise profits both for his shareholders' benefit and to satisfy his company's capital investment requirements. There is no doubt that parts of the American steel industry are badly in need of modernisation, and even in the most recent quarter the industry is not earning a sufficient return to generate the funds needed for both capital investment and anti-pollution and other environmental measures legislated by the Government. The average age of U.S. Steel Corporation's plants is estimated at 18 years, Kaiser Steel 17 years, Wheeling Pittsburgh 18 years and Bethlehem Steel 11 years. Armco's president, Mr. Harry Holiday, argued at a conference in May that by 1985 the industry ought to spend nearly $50bn, or almost $6.22bn a year on expansion and replacement of steelmaking facilities, anti-pollution hardware and expansion of non-steel businesses. Since aggregate net profits in the industry total only $5.57bn over the past five years, the chances of meeting Mr. Holiday's schedule seem to be extremely remote.

But neither does the future look quite so black as it did 12 months ago. Some painful rationalisations have already taken place, notably Bethlehem's closure of large operations in Johnstown, Pennsylvania, and Lackawanna, New York, which led to its reporting last year the largest corporate loss in U.S. industry. The LTV-Lykes merger, reluctantly approved by the Attorney-General recently, will on most expert's reckoning create a better balanced and more profitable steel operation than the two increasingly lame businesses run by the individual companies. Relief from imports may be on the way, although it may owe as much to the general increase in world steel prices this year as to the hastily conceived trigger price mechanism which th eCarter Administration brought into full operation in April.

A flood of steel imports flowed into the country earlier in the year to avoid the trigger price trap, and although foreign steel will not take as large a slice of the domestic market as last year's 17.8 per cent, it will not be confined to the 12-14 per cent the Administration envisaged in the plan.

But the announcement of the trigger price plan worked to the domestic industry's advantage at the end of last year and at the beginning of this. Uncertainty over how it might work, coupled with fears of a determined Government attack on low-cost foreign steel, prompted a number of overseas importers to raise their prices by as much as $40 and $50 a ton early in the year. This took some of the pressure off domestic producers, who have also taken advantage of a stronger home market to raise list prices by between 8 and 10 per cent. The administration would prefer them to go no further in the interests of its anti-inflation policy, and Bethlehem, the industry number two, has undertaken to use its best efforts not to raise its prices any more in 1978. But the industry has been successful in cutting discounts on list prices, so that the real cost of some steels has risen by 10 to 15 per cent this year.

Steel companies have also been enjoying some relief on the costs front. There have been no significant increases in raw material costs since late last year, although wage costs will rise from August 1 under the terms of the three-year labour contract.

Plant utilisation has also been significantly higher and has risen from around 77 per cent in January to 90 per cent or above in most of May and June, and has now settled back to around 85 per cent.

This has obviously helped to reduce units costs at a time when demand has justified a 9.5 per cent rise in raw steel production to 66.736m tons, the highest first half production since 1974. But neither this, nor a 6 per cent increase in shipments, fully explains the quite dramatic profit gains, which owe as much to a better profit mix of steels produced.

In particular, demand for the heavier steels used in capital goods manufacture is well ahead of last year, and apparently more than compensates for a drop from 9.3m to 8.55m in shipments to the automotive industries between January and the end of May. Most steelmakers expect shipments to total around 97m tons by the end of the year, compared with 91.7m in 1977. This should certainly yield a very much better year for the industry than last year, when it suffered a net loss in the region of $118m. But most analysts find it extremely difficult to generalise about steel profits, or to look much more than a year ahead.

It can be argued that there is no reason, not even a downturn in the U.S. business cycle, for the industry as a whole to lose money over the next two or three years. It has made good progress in adjusting to an annual production rate of 90m to 100m tons compared with the 110m tons it averaged in the two years preceding the 1975 slump. No doubt the next two or three years will be bumpy, but there is at least some reason to believe that the U.S. steel industry has now embarked on a necessary process of adaptation, which can be pursued behind a protective windbreak raised by politicians, who in the future will keep a much more vigilant eye on the price and volume of imported steel.

Downturn at Credit Suisse

By Our Own Correspondent

ZURICH, August 1.

CREDIT SUISSE, third of Switzerland's "big three" banks, reported a first half-rise of SwFr 2.3bn in its balance sheet total to a peak SwFr 48.3bn.

Credit Suisse avoided any reference to first-half earnings but indicated that profits, like the two other major banks, were lower. "In the area of income, there was continuing pressure on the interest margin on credit business," the bank stated.

There was "a slight decline" on commissions from the securities business but the foreign currency and precious metals business fared somewhat better. Operating costs rose further despite rationalisation efforts.

Customer deposits rose to SwFr 27.9bn in the half year from SwFr 25.3bn by comparison, the Swiss Bank Corporation earlier reported a half-year balance sheet total of SwFr 58.2bn, representing an increase of 4.5 per cent, while the Union Bank of Switzerland reported total assets of SwFr 58.59bn against SwFr 56.16bn.

Credit Suisse reported an increase in total lending to domestic and foreign customers from SwFr 20.6bn to SwFr 21.6bn.

Turin bankruptcy

Turin court has ruled the bankruptcy of Venchi Unica Spa, accepting two separate demands by creditors and employees, reports AP-DJ. The court also ruled payment of more than L500m of arrears of salary to the workers and named an official liquidator for the company, which includes major confectionery names like Talmone and Maggiora.

Criticism for role of German banks

BY ADRIAN DICKS

BONN, August 1.

WEST GERMAN companies should be obliged to publish fuller details of the voting powers exercised by banks, as a first step towards limiting the banks' increasing influence in the non-banking part of the economy. This is the view of the West German Monopolies Commission, in its second major review of industrial and commercial concentration, published today.

Reviewing the banks' influence on the 100 biggest industrial companies in West Germany, the commission finds that in 56 cases, they held a significant share of voting rights, either directly or through the exercise of shares deposited with them by customers. In no fewer than 30 of the 100 companies, this share was greater than 50 per cent.

In the remaining 44 cases, the banks' influence appeared limited either because the company concerned was a fully-owned subsidiary of a foreign group, was a joint venture of other West German companies, was controlled by family or private interests, or was owned by the public sector.

In addition to this remarkable exercise of voting power, the commission finds that 75 per cent of the supervisory boards of the 100 companies included at least one banker. Out of 179 bank-filled supervisory board seats, moreover, no fewer than 102 fell to the lot of the three big universal banks—Deutsche Bank, Dresdner Bank and Commerzbank.

No less than in its first report two years ago, the Monopolies Commision—an advisory body without any powers of compulsion—is troubled by the banks' enormous and, in its view, growing influence over West German industry. As a first step towards diluting this power—an objective it recommended in 1976—it calls for all companies to report:

- The size of each bank's own shareholding in the company, if it is above 5 per cent.
- The size of the package it votes on behalf of its customers, where this exceeds 5 per cent, and
- The extent of supervisory board - representation of individual banks or of people or other companies associated with them.

While these may seem comparatively mild recommendations, they are virtually certain to be opposed tooth and nail by the German banking community, which has never concealed its dislike of the commission or of its basic assumption that concentration of power in a few bands is a bad thing per se.

In addition to its findings on the banking sector, the commission has concluded that concentration in West German industry in general has increased.

Brazilian borrower gets $130m on finer terms

BY FRANCIS GHILES

IN what appears to represent a further narrowing of terms for a Brazilian borrower, the Rio Grande do Sul Electric Company is raising $130m in a loan from a group of banks led by Credit Commercial de France. The management group is expected to be completed by the end of this week.

There are two tranches, one amounting to about $50m, the other to about $80m. The first carries a maturity of 10 years, a five-year grace period and a spread of 1¼ per cent, the second carries a 12-year maturity, a six-year grace period and a spread of 1½ per cent.

The proceeds of this loan, which carries a sovereign guarantee, are earmarked for the Candiota hydroelectric project in Rio Grande do Sul. Although the terms of the loan mark an improvement for the borrower on those of the last major loan mandated for a Brazilian borrower under Republic guarantee, this may owe something to the fact that there is a $300-$350m export credit package from France, West Germany and Japan involved.

The Buenos Aires electric utility SEGBA is raising $75m for 10 years on a spread of ⅞ per cent, with four years grace. Joint lead managers for this loan, which carries a sovereign guarantee, are Bank of America, Banco de la Nacion and Grindlay Brandts.

Bank Sakhteman of Iran is raising $50m for seven years from a group of banks led by Chase Manhattan Ltd. The borrower is paying a spread of ⅞ per cent for the first three years, rising to ⅞ per cent for the remainder.

Veba forecasts upturn in profits this year

BY OUR FINANCIAL STAFF

A RECOVERY in profits and a higher dividend were forecast yesterday b yVeba AG, West Germany's largest industrial company.

At the annual meeting, the management board chairman, Rudolf von Bennigsen-Foerder, told shareholders that the company's performance so far suggested that profits this year would emerge "considerably" up on the DM 70m after tax achieved for 1977. In this event a higher dividend would be paid: last year shareholders received DM 3 a share.

Last month Veba reported a 13 per cent increase in first quarter net profits to DM 43m. In 1977 the company's earnings were severely affected by heavy losses in mineral oil and glass manufacturing.

Von Bennigsen-Foerder said losses in the oil sector had this year been reduced by over DM 100m.

Last month the company announced that it was to sell parts of its operation to Deutsche BP (part of the BP group) for some DM 800m. The sale is to include most of the Gelsenberg group which Veba acquired three years ago.

Meanwhile, Maschinenfabrik Augsburg-Nuernberg (MAN) said in Augsburg that its attempts to take over Wood Industries of the U.S. remained unsuccessful. MAN said that the two companies had been unable to reach an understanding on conditions. MAN is now trying to acquire a comparable U.S. company, the company said. Various companies have indicated their interest, but they were not named.

Petrofina first half profit dips

By Our Financial Staff

BELGIAN-BASED oil group Petrofina reports modestly lower profits for the first half of 1978 due partly to weak selling prices and to the depreciation of the dollar.

Consolidated profits for the six months eased to BFr 2.23bn ($ 69.4m). At the net level from BFr 2.25bn. This represents a more stable performance than that of 1977 — when profits for the year as a whole dipped by 16½ per cent—but Petrofina does make it clear that the adverse impact of the dollar has been smoothed out by drawing on a special reserve set up for this purpose.

Petrofina said the climate for petrochemicals had improved slightly in the U.S. but remains unfavourable in Europe. It has ordered a polystyrene continuous production plant with an annual capacity of 40,000 tonnes which will be installed at its Feluy plant in Belgium.

Fire damage at the company's polystyrene factory at Calumet City, near Chicago, is covered by insurance, and a new continuous production plant ordered last year should start up in October.

In the Norwegian sector of the North Sea, daily production of oil in the Ekofisk, West Ekofisk and Cod Fields was an average 350,000 barrels in the first half of this year against 265,000 in the same period of 1977. Gas production was 850m cubic feet. Petrofina holds a 30 per cent stake in the area.

Hachette U.S. deal

French publishing house Hachette has decided to set up a joint venture with the U.S. company Alex Gregory to be known as Hachette Vendome Press, reports AP-DJ from Paris. The new concern will publish Hachette's illustrated books, which will be distributed on the U.S. market by Viking Press.

Hachette intends to bring out between 15-20 titles a year over the next two years. The French company already has a U.S. subsidiary, Regents Inc., which specialises in language courses.

Bid for control of McIlwraith

BY JAMES FORTH

SYDNEY, August 1.

INDUSTRIAL EQUITY, a corporate take-over specialist, plans a $A12m partial bid to obtain control of the shipping group, McIlwraith McCeacharn. IEL has been gradually building up a stake in McIlwraith since late 1973 and currently holds 17.6 per cent of the capital. It now intends to make an offer of A$2.50 per share for at least 50 per cent of each remaining shareholding of Ordinary and participating Preference shares.

If the bid is successful, IEL will end up with approximately 60 per cent of McIlwraith's capital. McIlwraith shareholders will also be invited to offer more than 50 per cent of their shares in case acceptances do not reach the minimum target of 50 per cent of the capital. McIlwraith last sold at A$2.15 a share, but buyers in Sydney today were offering A$2.30 ahead of the announcement of the bid. The directors of IEL said that if McIlwraith became a subsidary it was intended to carry on the business of the company in exactly the same manner.

It was also proposed to recommend a capital reconstruction which IEL directors said would be to the advantage of all McIlwraith shareholders, and of which details would be released in due course. McIlwraith's main asset is a 37.5 per cent shareholding in the bulk carrier and container ship group, Bulkships.

It also operates tug services in many Australian ports, acts as a shipping and travel agent and has an investment portfolio, valued at about A$5m, including an 11.8 per cent equity in New South Wales coal producer, Bellambi Coal. Presumably IEL would be looking towards realising some of these assets in the event of a capital reconstruction.

The directors of IEL said they were making the offer announcement "somewhat sooner than would normally have been the case, but we believe that Tricontinental Corporation may otherwise be about to engage in a further series of transactions in the shares of McIlwraith McEacharn."

Tricontinental is a merchant bank closely associated with the prominent Australian businessman and financier, Sir Ian Potter. Earlier this month plans were announced for a restructuring of Tricontinental to introduce several major new shareholders, including two State Government-owned banks and Credit Lyonnais of France. The mechanics of the operation involve a takeover bid by a company, Torenia Holdings, which will subsequently change its name to Tricontinental Holdings.

Tricontinental had held about 17 per cent of McIlwraith's capital for some time but in mid-1977, halved its holding in a series of transactions in which the shares were purchased by Sir Ian Potter, or private companies with which he is associated. Sir Ian is chairman of McIlwraith, Bulkships and Tricontinental and is on the board of Thomas Nationwide Transport, which has long been regarded as likely to make a bid for McIlwraith at some stage.

Sir Peter Abeles, the chief executive of TNT and long-time business associate of Sir Ian, has previously indicated that TNT could ultimately be interested in such a move. Aquisition of McIlwraith would fit TNT's long-range philosophy of becoming a large international transport group, operating on land, sea and air. It is suggested that TNT already holds close to 10 per cent of McIlwraith's capital.

TNT, which is highly liquid after recent sales of major assets, already owns 62.5 per cent of the highly-profitable Bulkships. Acquisition would enable it to utilise hte cash flow of Bulkships.

McIlwraith's share register indicates that interests associated with Sir Ian control at least 20 per cent of the capital but the figure may well be higher. Observers expect that the IEL move will produce a counter offer, either from TNT or from interests close to Sir Ian.

IEL's existing shareholding in McIlwraith was obtained at an average price well below A$ 2.00 a share.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 8¾pc 1989	97½	98¼
AMEV 8pc 1987	96½	96
Australia 8½pc 1992	92	92½
Australian M. & S. 9½pc '92	98¼	99
Barclays Bank 8¾pc 1992	98	98½
Bowater 9½pc 1992	97½	98
Can. N. Railway 8¾pc 1986	96	96½
Credit National 8¾pc 1986	96½	96
Denmark 8¾pc 1984	96½	99
ECS 9pc 1993	98½	99
ECS 8¾pc 1997	93½	94
EIB 8¾pc 1992	96	96½
EMI 9½pc 1989	98½	99
Ericsson 8¾pc 1989	96½	97½
Esso 8pc 1986 Nov.	98½	100
Gt. Lakes Paper 8¾pc 1984	97½	98¼
Hamersley 9½pc 1992	100½	101¼
Hydro Quebec 9pc 1992	98	98½
ICI 8½pc 1987	95½	96½
ISE Canada 9¼pc 1986	103½	104
Macmillan Bloedel 9pc 1992	96½	97
Massey Ferguson 9¼pc '91	98½	99½
Michelin 9½pc 1988	100½	101¼
Midland Int. Fin. 8¾pc '92	95	95½
National Coal Bd. 8pc 1987	92½	95½
National Wstmnstr. 9pc '86	100½	101½
Natl. Wstmnstr. 9pc '86 'B'	101	101½
Newfoundland 9pc 1989	98½	100½
Nordic Inv. Bank 8¾pc 1988	96½	97
Norges Kom. Bk. 8¾pc 1992	95	95½
Norpipe 8¾pc 1989	95	95½
Norsk Hydro 8¾pc 1992	94½	95½
Oslo 9pc 1988	100	100½
Ports Autonomes 9pc 1991	97	97½
Prov. Quebec 9pc 1995	96	95½
Prov. Saskatchwn. 8¾pc '86	97½	98
Reed International 9pc 1987	93	94
RHM 9pc 1992	96	93½
Selection Trust 8¾pc 1989	90½	91½
Shell Intl. Fin. 8¾pc 1990	95½	96
Skand. Enskilda 9pc 1991	98	98½
SKF 8pc 1987	91	91½
Sweden (K'dom) 8¾pc 1987	94½	95
United Biscuits 9pc 1989	98	93½
Volvo 8pc 1987 March	93½	94
NOTES		
Australia 7¾pc 1984	93½	94½
Bell Canada 7¾pc 1987	96½	97½
Br. Columbia Hyd. 7¾pc '85	97½	94½
Can. Pac. 8¾pc 1984	98	97½
Dow Chemical 8pc 1986	97½	98
ECS 7¾pc 1982	94½	95½
ECS 8¾pc 1989	94	94½
EEC 7¾pc 1982	95½	96
EEC 7¾pc 1984	94	94½
Enso Gutzeit 8¾pc 1984	94	94½
Gotaverken 7¾pc 1982	94½	95
Kockums 8pc 1983	94½	97
Michelin 8¾pc 1983	95½	95½
Montreal Urban 8¾pc 1981	99½	100
New Brunswick 8pc 1984	97	97½

	Bid	Offer
New Bruns. Prov. 8¾pc '83	97	98½
New Zealand 8¾pc 1984	95½	96
Nordic Inv. Bk. 7¾pc 1984	93½	94
Norsk Hydro 7¾pc 1982	93½	94½
Norway 7¾pc 1982	93½	94½
Ontario Hydro 8pc 1987	93½	94½
Singer 8¾pc 1982	99½	100
S. of Scot. Elec. 8¾pc 1981	98	98½
Sweden (K'dom) 7¾pc 1982	94½	95½
Swedish State Co. 7¾pc '82	95	95½
Telmex 9½pc 1984	90	90½
Tenneco 7¾pc 1987 May	91½	92½
Volkswagen 7¾pc 1987	94½	93½
STERLING BONDS		
Allied Breweries 10½pc '90	88½	90½
Citicorp 10pc 1993	93½	93½
Courtaulds 9½pc 1989	90½	91½
ECS 9½pc 1989	94½	93½
EIB 9½pc 1988	96½	97½
EIB 9¾pc 1992	97½	94½
Finance for Ind. 9¾pc 1987	91½	92½
Finance for Ind. 10pc 1989	94	95
Fisons 10½pc 1987	97½	99½
Gestetner 11pc 1988	93	93
INA 10pc 1988	92½	93½
Rowntree 10¾pc 1988	90	91
Sears 10½pc 1988	92	93
Total Oil 9½pc 1984	90½	91½
DM BONDS		
Asian Dev. Bank 5¾pc 1988	93½	93½
BNDE 6¾pc 1988	98	99
Canada 4¾pc 1983	97	98
Den Norske Ind. Bk. 6pc '90	97½	98½
Deutsche Bank 4¾pc 1983	95½	96½
ECS 5¾pc 1990	90½	91½
EIB 5¾pc 1990	90½	91½
Elf Aquitaine 5¾pc 1988	93	94
Euratom 5¾pc 1987	95½	96½
Finland 5¾pc 1988	93½	94½
Forsmarks 5¾pc 1990	93½	94½
Mexico 6pc 1985	94½	95½
Norcem 5¾pc 1989	[illegible]	[illegible]
Norway 4½pc 1983	96½	97½
Norway 4¾pc 1983	93½	94½
PK Banken 5½pc 1989	93	94
Prov. Quebec 6pc 1990	93½	96½
Rautaruukki 5¾pc 1988	93	94
Spain 6pc 1988	94½	95½
Trondheim 5¾pc 1988	94½	95½
TVO Power Co. 6pc 1988	94½	91½
Venezuela 6pc 1988	92½	94½
World Bank 5¾pc 1988	94½	93½
FLOATING RATE NOTES		
Bank of Tokyo 1984 8¾pc	99	99½
BFCE 1984 8¾pc	98½	99½
BNP 1983 8⅞pc	98½	100½
BQE Worms 1985 9pc	97½	98½
CCF 1985 8¾pc	99½	99½
Chase Manhttn. '93 9⅞pc	99½	99½
Creditanstalt 1984 8¾pc	99½	99½

	Bid	Offer
DG Bank 1982 9pc	99½	100
GZB 1981 8⅞pc	99½	100½
Intl. Westminster 1984 9pc	[illegible]	[illegible]
Lloyds 1983 8 15/16pc	[illegible]	[illegible]
LTCB 1983 9pc	[illegible]	[illegible]
Midland Int. FS '87 8⅞pc	[illegible]	[illegible]
Midland Int. FS '93 9⅞pc	[illegible]	[illegible]
Nat. Westminstr. '90 9⅞pc	[illegible]	[illegible]
OKB 1983 9¼pc	99½	100
SNCF 1985 8⅞pc	99	[illegible]
Stand. and Chartd. '84 9¼pc	[illegible]	[illegible]

Source: White Weld Securities.

	Bid	Offer
CONVERTIBLES		
American Express 4¾pc '87	81½	83
Ashland 5pc 1988	101	102
Babcock & Wilcox 6¾pc '97	115	116
Beatrice Foods 4¾pc 1992	98	[illegible]
Beatrice Foods 4¾pc 1992	110	111½
Beecham 6½pc 1992	107½	[illegible]
Borden 5pc 1992	98½	[illegible]
Broadway Hale 4¾pc 1987	73½	[illegible]
Carnation 4pc 1987	70	[illegible]
Chevron 5pc 1988	131	[illegible]
Dart 4¾pc 1987	81½	[illegible]
Eastman Kodak 4¾pc 1988	84½	[illegible]
Economic Labs. 4¾pc 1987	77½	[illegible]
Firestone 5pc 1988	79½	[illegible]
Ford 6pc 1988	83½	[illegible]
General Electric 4¾pc 1987	82½	[illegible]
Gillette 4¾pc 1987	77½	[illegible]
Gould 5pc 1987	118½	[illegible]
Gulf and Western 5pc 1988	88½	[illegible]
Harris 5pc 1992	197	[illegible]
Honeywell 6pc 1986	87½	[illegible]
ICI 6¾pc 1992	91½	[illegible]
INA 6pc 1997	98	[illegible]
Inchcape 6¾pc 1992	103½	[illegible]
ITT 4¾pc 1987	79	[illegible]
Jusco 6pc 1992	123	[illegible]
Komatsu 7½pc 1990	142	[illegible]
J. Ray McDermott 4¾pc '87	147	[illegible]
Matsushita 6½pc 1990	197	[illegible]
Mitsui 7¼pc 1990	144½	[illegible]
J. P. Morgan 4¾pc 1987	100	[illegible]
Nabisco 5¾pc 1988	103	[illegible]
Owens Illinois 4½pc 1987	124	[illegible]
J. C. Penney 4¾pc 1987	76	[illegible]
Revlon 4¾pc 1987	128	[illegible]
Reynolds Metals 5pc 1988	88	[illegible]
Sandvik 6½pc 1988	114	[illegible]
Sperry Rand 4¾pc 1987	96	[illegible]
Squibb 4¾pc 1987	83	[illegible]
Texaco 4¾pc 1988	77½	[illegible]
Toshiba 6½pc 1992	100½	[illegible]
Ty Co. 9pc 1984	77	[illegible]
Ty Co. 9½pc 1988	102	[illegible]
Union Carbide 4¾pc 1982	91½	[illegible]
Warner Lambert 4¾pc 1987	81	[illegible]
Warner Lambert 4¾pc 1988	77½	[illegible]
Xerox 5pc 1988	77½	[illegible]

Source: Kidder, Peabody Securities.

INTL. FINANCIAL AND COMPANY NEWS

Further disclosures by Rembrandt

BY RICHARD ROLFE

JOHANNESBURG, August 1.

REMBRANDT GROUP, the largest South African-based industrial multinational, has taken disclosure of its traditionally secret profit sources a stage further in the annual report to March 31 and in the process has restated the figures shown in its recent preliminary statement.

At the time of the preliminary figures, Rembrandt showed a rise in pre-tax profits from R117m to R121m, but it was clear that most of the apparent growth had come from associated companies, where the figure was up from R19m to R29m, mainly reflecting Rothmans International. The bottom line figure showed a rise in "profit applicable to own members" to R78m from R71m.

The restatement in the report now shows pre-tax profit down from R98m to R93m, but ends up with an unchanged bottom line figure after consolidating associates income on the basis of equity holdings. But the directors' report takes the analysis a stage further. It shows net profit up from R52m to R56m (figures which do not appear in the income statement) and losses up from R0.9m to R9m. From this follows a figure after losses shown as "profit before equity adjustment," which is down from R51m to R47m.

This latter figure appears to be the Rembrandt Group's basic profits from wholly-owned subsidiaries plus dividends received from associates and the share of after-tax profits of partially-owned subsidiaries. It includes, for example, Rembrandt's portion of the 58 per cent owned liquor subsidiary, Oude Meester. The losses reflect primarily R5.3m in another subsidiary, the textile group Il Back.

In addition, there is a breakdown of attributable profits of R78m which shows R70m derived from tobacco and liquor, R6m from mining, mainly from the 25 per cent stake in Federale Mynbou, which controls General Mining and Union Corporation, R1m from banking, reflecting dividends from the stake in Volkskas and R1m of others.

There is still no turnover figure, but the group's turnover index is up 9 per cent and, taking the R4.4bn of turnover disclosed by the chairman, Dr. Anton Rupert, at last year's annual meeting, a level of R4.8bn is implied for last year, which would give gross margins of 2.4 per cent.

The balance-sheet shows shareholders' funds of R471m, for net worth of 902 cents on the 52m ordinary shares, which stand at 365 cents and yield 6.2 per cent on last year's 22.5 cent dividend. The shares have been strong in Johannesburg despite the lack of underlying growth and compare with their 1977-78 low of 235 cents.

Primrose plan well advanced

By Our Own Correspondent

JOHANNESBURG, August 1.

THE DIVERSIFIED sugar group, Tongaat, which acquired control of Primrose Industrial, the largest South African brickmaker, in April, is well advanced in plans to merge Primrose with its own brickmaking subsidiary, Coronation Industrial. At the annual meeting in Durban, the Tongaat group chairman, Mr. C. J. Saunders, said that proposals would be put to the boards in mid-August.

"Investigations by the independent merchant bankers are progressing satisfactorily," he said. Operational economies have already been effected since Tongaat took control of Primrose, the shares of which at 130 cents, are in line with the original cash offer price.

On other Tongaat interests, Mr. Saunders mentioned the textile interests, held through David Whitehead, as the most buoyant part of the group at present. It is expected to raise its contribution "substantially" from last year's 15 per cent of group profits.

Despite the poor outlook for sugar, Tongaat hopes to maintain earnings at last year's 65 cents a share. Apart from textiles, minor divisions such as food and feeds are expected to improve. On the sugar side, mill efficiencies are at a record level and a 10 per cent increase in cane supplies will accrue from the recent takeover of Melville Sugar Estates.

Rise in home car sales lifts Bridgestone Tire in first half

BY YOKO SHIBATA

TOKYO, August 1.

BRIDGESTONE TIRE Company, Japan's larges tyre manufacturer and the world's eighth ranking, has reported favourable results for the six months ended June, 1978, inspite of the sharp appreciation of the yen.

A fall of 12 per cent to Y41.16bn in its exports caused by the rise in the higher yen, however meant that Bridgestone's sales increased by only 3.9 per cent to Y177.8bn ($936m) from the level of the same six months a year earlier. However, the company achieved favourable current profits, up 15.5 per cent to Y14.7bn ($77.4m), helped by a recovery in replacement demand and by domestic new car sales, which started to pick up during the period. Net profits rose 4.6 per cent to Y6.57bn ($34.6m).

The company's exports share of the total turnover shrank to 23 per cent from 27 per cent in the half-year to December. About 80 per cent of its exports were still based upon dollar payment, which generated on exchange loss of Y9.2bn. The exchange lossess were absorbed by export price increases and cost cutting measures, the company said, particularly, the company's dominant position in the Japanese tyre market (with a 50 per cent market share) strengthened its performances, since increased production arising from the recovery in domestic new car sales and replacement demand held down costs.

The company expects favourable domestic sales of new cars to continue to the end of the year, and that this will offset the negative impact of exchange fluctuation.

* * *

Consolidated net profit of Nippon Electric Company, a major producer of telecommunications and electronic computers, and part of the Sumitomo group, fell 6.1 per cent from Y7.74bn to Y7.26bn in the year to March 31, 1978. Consolidated sales rose by 11.7 per cent to Y698.565bn from Y625.12bn in the previous fiscal year, reports AP-DJ.

* * *

A FALL IN consolidated net income is expected by Kawasaki Heavy Industries, the integrated Japanese heavy machinery manufacturers, in the fiscal year to next March, from the Y10.07bn (U.S.$55m) announced yesterday for 1977-78.

Sales, however, are expected to increase from the Y625.56bn (U.S.$3.2bn) of last year.

These are the first consolidated figures released.

KHI said that it is difficult to make a firm prediction on busines for the year, because of the uncertain foreign exchange market outlook.

JAPANESE COMPANIES CONSOLIDATED RESULTS

		Year to March 31 Net income		Sales	
	Business	Ybn	$m	Ybn	$m
Mitsubishi HI	Heavy machinery, shipbuilding	20.45	107.6	2,360.00	12,400.00
Nippon Express	Transport services	4.86	25.6	719.51	3,800.00
Nippon Steel	Steel	14.70	77.4	2,430.00	12,800.00
Nippon Yusen	Shipping	3.12	16.4	490.31	2,600.00
Sumitomo Metal Industries	Steel	6.47	34.1	1,010.00	5,300.00

The above companies have published consolidated results for the first time. This follows a recent change in Japanese reporting

Currency, Money and Gold Markets

Yen & Sw. franc remain firm

Trading in yesterday's foreign exchange market was very much a repeat of Monday's performance with the Swiss franc and Japanese yen reaching record levels against the dollar. Conditions were busy and the dollar started to decline in early dealings on news that the Japanese trade surplus for July was likely to be larger than June's figure of $2.95bn. The U.S. currency touched Y184.10 at one point before recovering to close at Y186.30, compared with Y188.80 on Monday. Most financial centres were closed in Switzerland yesterday for a holiday and the Swiss franc improved in dollar terms to SwFr 1.7275 from SwFr 1.7345 and during the day reached a record SwFr 1.7100. The West German mark was slightly easier at DM2.0405 from DM2.0375.

The dollar's slight recovery during the afternoon stemmed from rumours that the Japanese authorities were considering the introduction of some form of export controls. Using Morgan Guaranty rates at noon in New York, the dollar's trade weighted average depreciation remained at 9.2 per cent.

By the end of the day, sterling had suffered more than most as a result of the dollar's partial recovery and after opening at $1.9350-1.9360 it touched $1.9355-1.9365 during the morning before falling over a cent to $1.9245-1.9255. The pound closed slightly above its worst level at $1.9265-1.9275, a fall of 45 points from Monday. The pound was also weaker against other major currencies and its trade weighted index, which the Bank of England calculates, fell to 62.3 from 62.5.

The Canadian dollar was also weaker in sympathy with the U.S. dollar and eased to 87.78 U.S. cents before closing at 87.86½ U.S. cents against 88.39½ U.S. cents.

TOKYO—The dollar plunged again in terms of the Japanese yen to reach another record low of Y187.95 at the close compared with Y190.8 on Monday. After opening at Y188.50, the U.S. currency dropped to Y187.000 briefly before recovering slightly in the afternoon. After the close of trading it was quoted as low as Y186.30.

Market sentiment seemed to be resigned to the dollar depreciating still further although some sources suggested that the authorities were considering the placing of restrictions on interest payments to free yen deposit holders. However, of the estimated Y1.5 trillion held by non-residents, varying maturity dates would cause any further restrictions to have only a gradual effect.

Trading in spot turnover was fairly heavy at $523m while forward and swap trades accounted for $618m. Japan's foreign reserves in July rose by $2.035bn to stand at a record $29.366bn. Most of the increase was attributable to the heavy support given to the dollar by the Bank of Japan.

FRANKFURT—The dollar was fixed DM 2.0347 compared with Monday's fixing of DM 2.0413. Trading between the D-mark and the dollar was fairly quiet compared with the yen and Swiss franc. Weakness in the dollar against the D-mark was mainly a reflection of the former's poor performance against the yen. While some Swiss centres were closed for a holiday the Swiss franc improved to SwFr 1.1817 from SwFr 1.1727 against the D-mark. In later trading the dollar reacted to U.S. Treasury predictions that oil imports were likely to increase well into next year and the U.S. currency was quoted at DM 2.0365 compared with its earlier best level for the day of DM 2.0335. However it recovered somewhat afterwards to DM 2.0380.

MILAN—The Swiss franc and the Japanese yen again reached record levels against the lira while the U.S. dollar weakened for the third consecutive day to reach a 22 month low. The Swiss franc was quoted at L490.75 compared with the fixing on Monday of L842.30. The yen was fixed at L4.539 against L4.467 on Monday.

THE POUND SPOT

Aug. 1	Bank rate %	Day's Spread	Close
U.S. $	7¼	1.9245-1.9365	1.9265-1.9275
Canadian $	9	2.1820-2.1995	2.1925-2.1935
Guilder	4½	4.23½-4.26	4.23½-4.24½
Belgian Fr.	6	61.80-62.20	61.90-62.00
Danish Kr.	8	10.67-10.72	10.67½-10.68½
D-Mark	3	3.92½-3.95½	3.93-3.94
Port. Esc.	18	87.10-87.90	87.15-87.45
Span. Pes.	8	147.20-148.50	147.30-147.40
Lira	11½	1,619½-1,630½	1,619½-1,620½
Nrwgn. Kr.	7	10.28-10.35	10.28½-10.29½
French Fr.	9½	8.39½-8.46	8.40-8.41
Swedish Kr.	6½	8.66½-8.72½	8.66½-8.67½
Yen	3½	355-365	359-360
Austria Sch.	4½	28.25-28.55	28.25-28.30
Swiss Fr.	1	3.30-3.35	3.32½-3.33½

Belgian rate is for convertible francs. Financial franc 63.20-63.30.

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
U.S. $	0.47-0.37c pm	2.62	1.07-0.97c pm	[illegible]
Canadian $	0.48-0.38c pm	[illegible]	1.10-1.00c pm	2.10
Guilder	2⅝-1⅝c pm	6.01	5⅝-4⅝c pm	4.83
Belgian Fr.	30-20c pm	4.84	65-55c pm	3.87
Danish Kr.	1 ore pm-1½ dis	par	4-6 ore dis	−1.87
D-Mark	3-2pf pm	7.62	7⅝-6⅝ pf pm	7.37
Port. Esc.	50-150c dis	−15.76	150-350c dis	−11.45
Span. Pes.	20-80c dis	−4.07	10-110c dis	−1.65
Lira	1-3 lire dis	−0.01	7½-9½ lire dis	−0.02
Nrwgn. Kr.	¼ ore pm-1¾ dis	−0.87	¼ ore pm-1¼ dis	−0.19
French Fr.	2-1c pm	2.14	4-3c pm	1.67
Swedish Kr.	1¼ ore pm-¼ dis	0.69	3½-1½ ore pm	1.16
Yen	3.40-3.05y pm	0.11	3.05-7.80y pm	0.09
Austria Sch.	17-7gro pm	[illegible]	37-27gro pm	[illegible]
Swiss Fr.	3-2c pm	9.01	7½-6⅞c pm	8.86

Six-month forward dollar 2.10-2.00c pm, 12-month 4.00-3.90c pm.

THE DOLLAR-SPOT

August 1	Day's spread	Close
Canad'n $*	87.71-88.09	87.91-87.94
Guilder	2.1950-2.2008	2.2000-2.2008
Belgian Fr	32.060-32.135	32.120-32.135
Danish Kr	5.5345-5.5450	5.5375-5.5390
D-Mark	2.0335-2.0385	2.0375-2.0385
Port. Es	—	45.10-45.35
Lira	841.00-842.90	841.15-841.35
Nrwgn. Kr	5.3415-5.3590	5.3415-5.3425
French Fr	4.3545-4.3735	4.3620-4.3640
Swedish Kr	4.5015-4.5185	4.5015-4.5025
Yen	185.40-187.15	185.50-185.70
Austria Sch	—	14.6670-14.6720
Swiss Fr	1.7150-1.7378	1.7170-1.7200

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
Canad'n $*	0.04-0.02c dis	−0.37	0.08-0.05c dis	−0.29
Guilder	0.71-0.55c pm	3.35	1.65-1.60c pm	2.81
Belgian Fr	5½-4¼c pm	1.90	15-13½c pm	1.95
Danish Kr	—		—	
D-Mark	0.86-0.83pf pm	4.97	2.54-2.49pf pm	4.92
Port. Es	—		—	
Lira	2.80-3.20lire dis	−4.10	8.50-9.25lire dis	−4.12
Nrwgn. Kr	—		—	
French Fr	0.08-0.18c dis	−0.32	0.75-0.95c dis	−0.76
Swedish Kr	—		—	
Yen	1.35-1.20y pm	7.00	3.20-3.00y pm	6.38
Austria Sch	—		—	
Swiss Fr	1.02-0.97c pm	6.25	2.96-2.91c pm	6.62

CURRENCY RATES

August 1	Special Drawing Rights	European Unit of Account
Sterling	0.653392	0.659221
U.S. dollar	1.26320	1.27461
Canadian dollar	1.43752	1.44645
Austrian schilling	18.5185	18.6780
Belgian franc	40.5188	40.8767
Danish krone	6.98929	7.05512
Deutsche Mark	2.57023	2.59325
Guilder	2.77272	2.79826
French franc	5.50187	5.55043
Lira	1062.04	1071.58
Yen	237.482	250.255
Norwegian krone	6.74170	6.79580
Peseta	96.5893	97.4515
Swedish krona	5.68819	5.73386
Swiss franc	—	2.17916

CURRENCY MOVEMENTS

August 1	Bank of England Index	Morgan Guaranty changes %
Sterling	62.33	−40.6
U.S. dollar	84.34	− 9.2
Canadian dollar	82.79	−14.5
Austrian schilling	138.57	+17.9
Belgian franc	159.38	+11.0
Danish krone	113.93	+ 5.1
Deutsche Mark	139.49	+34.5
Swiss franc	192.40	+86.1
Guilder	119.08	+17.0
French franc	100.48	− 2.5
Lira	55.41	−46.6
Yen	158.03	+55.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Aug. 1	£	$		£ Note Rates
Argentina Peso	1,657-1,661	807.99-810.07	Austria	27¾-28¾
Australia Dollar	1.6615-1.6655	0.8622-0.8643	Belgium	62½-64
Finland Markka	8.0400-8.0825	4.1645-4.1665	Denmark	10.60-10.75
Brazil Cruzeiro	34.90-35.90	18.11-18.63	France	8.35-8.50
Greece Drachma	69.947-71.665	36.30-37.19	Germany	3.85-4.00
Hong Kong Dollar	9.00-9.02	4.6600-4.6620	Italy	1595-1625
Iran Rial	133-139	68.86-71.96	Japan	360-370
Kuwait Dinar (KD)	0.520-0.530	0.2692-0.2744	Netherlands	4.15-4.30
Luxembourg Franc	61.90-62.20	32.12-32.28	Norway	10.25-10.40
Malaysia Dollar	4.46½-4.48	2.3160-2.3190	Portugal	85-90
New Zealand Dollar	1.8290-1.8350	0.9491-0.9523	Spain	145½-149
Saudi Arabia Riyal	6.53-6.63	3.39-3.44	Switzerland	3.25-3.40
Singapore Dollar	4.35¾-4.36¾	2.2595-2.2605	United States	1.9200-1.9400
South African Rand	1.6719-1.6890	0.8676-0.8765	Yugoslavia	35-37

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

Aug. 1	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.927	3.935	359.5	8.405	3.330	4.240	1620	2.193	61.95
U.S. Dollar	0.519	1.	2.042	186.6	4.362	1.728	2.200	840.8	1.138	32.15
Deutsche Mark	0.254	0.490	1.	91.36	2.136	0.846	1.078	411.8	0.557	15.74
Japanese Yen 1,000	2.782	5.360	10.95	1000.	23.38	9.263	11.79	4507.	6.100	172.2
French Franc 10	1.190	2.293	4.682	427.7	10.	3.962	5.046	1928	2.609	73.71
Swiss Franc	0.300	0.579	1.182	108.0	2.524	1.	1.273	486.6	0.659	18.60
Dutch Guilder	0.236	0.455	0.928	84.79	1.982	0.785	1.	382.1	0.517	14.61
Italian Lira 1,000	0.617	1.189	2.428	221.9	5.187	2.055	2.617	1000.	1.353	38.23
Canadian Dollar	0.456	0.879	1.794	163.9	3.833	1.518	1.933	738.9	1.	28.25
Belgian Franc 100	1.614	3.111	6.352	580.3	13.57	5.376	6.844	2615	3.540	100.

EURO-CURRENCY INTEREST RATES*

Aug. 1	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	10⅝-10⅞	8-9	7¾-8	4½-4¾	¼-⅜	3⅛-3⅜	7-7¼	8-12	7-8¼	1⅛-1⅝
7 day's notice	10⅝-10⅞	8-9	7⅞-8⅛	4½-4¾	⅜-⅝	3⅛-3⅜	7⅛-7⅜	11-12	[illegible]	[illegible]
Month	10⅝-10⅞	9⅛-9⅝	7⅞-8⅛	4⅝-4⅞	1-1⅛	3⅜-3⅝	7¾-8	11½-12½	8-8⅛	[illegible]
Three months	10½-10⅞	9½-9⅞	8⅝-8⅞	5⅛-5⅜	1-1⅛	3⅜-3⅝	8¼-9	14-15	8⅝-8⅞	2⅛-2⅜
Six months	11-11⅜	8⅞-9¼	8⅞-9⅛	6⅛-6⅜	1⅜-1⅝	3¾-3⅞	9⅛-9⅜	12⅛-13⅛	8⅞-9⅛	[illegible]
One year	11⅛-11½	9-9⅜	9-9¼	6⅛-6⅜	2⅛-2¼	4-4⅛	10⅛-10⅝	13⅛-14⅛	[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.00-8.10 per cent; three months 8.35-8.45 per cent; six months 8.75-8.85 per cent; one year 8.85-8.95 per cent.

Long-term Eurodollar deposits: two years 9¼-9½ per cent; three years 9⅜-9⅝ per cent; four years 9½-9¾ per cent; five years 9½-9¾ per cent. Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Further rise in Belgian rates

The Belgian National Bank yesterday increased the rate on four-month bond fund papers to 6¾ per cent from 6½ per cent. This comes only a day after the authorities' decision to raise the rates on short-term Treasury certificates as well as last week's increase in the official Lombard and discount rates to 6 per cent. The rise in bond paper rates is seen as the latest move by the Belgian authorities to increase interest rates generally in an attempt to support the Belgian franc. The latter has been affected recently by devaluation rumours within the snake, where it has been languishing around its lowest permitted level against the West German mark. At Tuesday's fixing the Central Bank was required to sell some DM 26m when the franc fell to its floor price of BFr 15.765 in terms of the D-mark.

Deposit rates for the Belgian franc (commercial) were quoted at 6-6½ per cent for one-month and 6⅞-6⅞ per cent for three-month. Six-month deposits were 6⅞-7⅛ per cent while rates for one-year were 7¼-7½ per cent. Call money was easier at 4.20 per cent compared with 3.0 per cent on Monday.

NEW YORK—Pressure increased on the Federal funds target rate yesterday with funds being dealt at 8 per cent compared with 7⅞ per cent yesterday and a target of 7¾ per cent. However, for the time being the Federal Reserve attempted to ease the situation by making two-day repurchase orders.

Treasury bills were firmer at 6.92 per cent from 6.895 per cent at Monday's auction for 13-week bills and 7.36 per cent for 26-week bills while one-year bills were unchanged from late Monday at 7.73 per cent. One-month certificates of deposit were slightly easier at 7.75 per cent from 7.77 per cent as were two-month rates at 7.90 per cent from 7.92 per cent. Three-month deposits were also slightly easier at 8.02 per cent against 8.03 per cent.

FRANKFURT—In the interbank money market, call money was firmer than on Monday, rising to 3.45 per cent from 3.0 per cent. This is around the more normal levels last seen on Wednesday. Longer-term rates were unchanged at 3.6 per cent for one-month, 3.75 per cent for three-month and 4.1 per cent at six-months.

PARIS—Day-to-day money was unchanged at 7¼ per cent as were the one and three-month rates at 7¼-7⅜ per cent and 7⅜-7½ per cent respectively. Six-month money was firmer at 7⅞-7⅞ per cent from 7⅝-7⅞ per cent while the 12-month rate eased from 8⅞-8⅞ per cent to 8⅜-8⅝ per cent.

AMSTERDAM—Call money was unchanged at 4½-5 per cent as was the one and three-month rates cent. Three-month money was easier at 6½-6¾ per cent compared with 6¾-7 per cent while the six-month rate was also easier at 6¾-7 per cent against 7-7¼ per cent previously.

HONG KONG—Conditions in the money market were easier than Monday with call money at 5½ per cent and overnight funds at 5½ per cent.

GOLD

Record level

Gold continued to improve in yesterday's London bullion market and closed at a record level of $202¾, a rise of $2¾ an ounce. After opening at $204-204¾ the metal was fixed during the morning at $207.50. The rapid appreciation in the price of gold has been due almost entirely to the present weakness of the U.S. dollar and the normal pattern has been followed in times of currency unrest with heavy demand outweighing any profit taking moves that may have been made. The metal was fixed at $205.10 during the afternoon and at one point touched an all time high of $207½-208½. The afternoon fixing appeared to be a very long affair and the metal's performance during the afternoon reflected the slight improvement in the dollar.

	Aug. 1	July 31
Gold Bullion (a fine ounce)		
Close	$202¾-203¼	$200¼-201
Opening	$204-204¾	$198¾-199¼
Morning fixing	$207.50 (£107.219)	$198.90 (£103.940)
Afternoon fixing	$205.10 (£106.315)	$200.25 (£103.812)
Gold Coins, domestically		
Krugerrand	$214-216 (£111-112)	$207-209 (£107½-108½)
New Sovereigns	$57½-59½ (£29¾-30¾)	$57¼-59¼ (£30-31)
Old Sovereigns	$59-61 (£30½-31½)	$57½-59½ (£30-31)
Gold Coins, internationally		
Krugerrand	$216½-218½ (£110½-111½)	$206-208 (£106¾-107¾)
New Sovereigns	$58½-60½ (£30¼-31¼)	$57½-59½ (£29¾-30¾)
Old Sovereigns	$59-61 (£30½-31½)	$57½-59½ (£30-31)
$20 Eagles	$286-289	$285-288
$10 Eagles	$146-149	$145-149
$5 Eagles	$115-118	$115-118

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Conditions in the London money market were somewhat easier than on Monday although the authorities gave a large amount of assistance to take out the shortage by buying a moderate amount of Treasury bills and a small number of local authority bills. This was in addition to lending a moderate amount at MLR to one or two houses, for repayment today. Total assistance was termed as large and was considered to be more than enough to alleviate the shortage. Discount houses were picking up secured call loans between 9 per cent and 9½ per cent towards the close.

The market was faced with a modest net take-up of Treasury bills and the repayment of Monday's moderate official advances. There was also a slight increase in the note circulation and a small excess of Government disbursements over revenue transfers to the Exchequer.

In the interbank market, overnight loans opened at 10-10½ per cent and traded for most of the day at 9¾-10 per cent before closing balances were taken anywhere between 9 per cent and 10 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Aug. 1 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9-10⅛	—	—	—	10¼	9-10	—	—	—
2 days notice	—	—	10-10⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10¼	—	—	—	—
7 days notice	—	10-10⅛	10-10⅛	—	10⅞	—	9½-9⅝	—	—	—
One month	9⅞-9¾	9⅞-10	10	10⅜-10½	10⅜	10⅛-10¼	9⅝	9⅝-9⅛	9⅞-9⅝	10⅛
Two months	9⅞-9⅝	9⅞-9⅝	—	10-9⅞	10⅝		9⅝	[illegible]	9⅝-9½	10½
Three months	9⅞-9¾	9⅝-9¾	9⅝	9⅞-9⅝	10⅝	10⅛	9¼	9⅛	[illegible]	10[illegible]
Six months	9⅞-9⅝	9⅞-10	10	9¼-8⅞	10⅜	—	—	—	9⅝	10[illegible]
Nine months	9⅞-9⅞	9⅞-10	—	9⅞-10	10⅝	—	—	—	—	—
One year	9⅞-9⅞	10-10⅛	10⅛	10-9⅝	10⅝	—	—	—	—	—
Two years	—	—	10⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate nominally three years 11¼ per cent; four years 11½ per cent; five years 11½-12 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9⅞ per cent; four-month trade bills 10½ per cent.

Approximate selling rates for one-month Treasury bills 9-9⅛ per cent; two-month 9⅛ per cent; and three-month 9⅛ per cent. Approximate selling rate for one-month bank bills 9⅞-9⅞ per cent; and two-month 9⅞-9⅞ per cent; and three-month 9⅞-9⅞ per cent. One-month trade bills 10 per cent; two-month 10 per cent; and also three-month 10⅛ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10½ per cent from August 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 6½-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.1136 per cent.

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	8.0
Treasury Bills (13-week)	6.92
Treasury Bills (26-week)	7.36

GERMANY

Discount Rate	3
Overnight	3.45
One month	3.6
Three months	3.75
Six months	4.1

FRANCE

Discount Rate	9.5
Overnight	7.25
One month	7.3125
Three months	7.4375
Six months	7.8125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.625
Bills Discount Rate	4.375

WORLD STOCK MARKETS

Profit-taking leaves Wall St. closing mixed

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—100½% (99½%)
Effective $1.9270—48⅞% (48½%)

WITH PROFIT-TAKING more prevalent, the recent advancing trend on Wall Street was brought to a halt yesterday, and stocks moved erratically before ending on a mixed note after further heavy trading.

The Dow Jones Industrial Average touched extremes of 868.16 and 855.34 before finishing 1.56 easier on balance at 860.71. The NYSE All Common Index managed a net gain of 2 cents at $56.61, after moving between $56.72 and $56.48, while rises held a modest lead over declines at the close of 823 to 692. Turnover reached 34.81m shares, compared with 33.99m on Monday.

Analysts said the market was due for some correction following its advance spanning the past five consecutive trading sessions, and had to contend with fresh overnight weakness in the dollar and record gold prices.

However, continuing to aid the stock market are investor hopes that interest rates will stabilise and inflation will moderate over the rest of the year.

Newton Zinder, of E. F. Hutton, commented that while money market experts debate over the future direction of interest rates, "the stock market is already betting that the next significant move in interest rates will be down."

International Business Machines, which scored a new high for the year on Monday, reacted 2⅜ to $279¼. Xerox and IBN have agreed to exchange world-wide licenses in settlement of litigation over patents. Xerox, the second most active issue, eased ¼ to $57⅜.

Airlines were active. UAL eased ¼ to $37¼ and Western Air Lines also ¼ to $13¾, but TWA rose ¾ to $20¼.

National Airlines, where trading resumed after being halted since Friday, were unchanged at $26¼—the company said Texas acquire control of National raises "substantial" legal problems. It also reported a 34 per cent jump in July passenger traffic. Texas International, on the American exchange, were unaltered at $14.

number of Utilities were also active. Pacific Gas and Electric closed unchanged at $24¼—a 200,000 share block changed hands at $24¼. Allegheny Power System added ¼ at $18¼—a 200,000 share block was traded at $18¼. Continental Telephone put on ¼ to $15⅞—a block of 130,000 shares was moved at $15⅞.

Playboy jumped 2⅞ to $24⅞—it has received Atlantic City approval for a revised design for a boardwalk hotel. The company has yet to apply to New Jersey gaming authorities for permission to operate a casino.

THE AMERICAN SE Market Value Index finished 0.16 down at 154.57 after volume of 3.82m shares (4.15m).

Loews Theatre warrants again led the actives list and put on ⅛ to $17⅞. Active Syntex gained ⅛ to $33⅞, its highest price of the year.

Bradford National lost 1½ to $9⅞it has apparently lost a contract for the California medical programme to Computer Sciences which, on the New York exchange, added ⅛ to $14⅞.

Canada

Share prices tended to gain further ground in very active trading yesterday. The Toronto Composite Index put on 1.7 more to a 1978 peak of 1,195.5, while Metals and Minerals added 4.8 at 996.9, Golds 2.4 at 1,579.8 and Papers 1.73 at 127.26, but Oils and Gas shed 2.9 to 1,540.4.

Indal, C$14¼, and Stelco "A," C$26⅞, each rose ⅜ on higher earnings. Canray Resources advanced 15 cents to C$2.35 and QMG Holdings picked up 5 cents to 60 cents the companies said they have a stake in an indicated commercial Texas well.

Algoma Steel fell C$1 to C$21⅞. Algoma workers at Sault Ste. Marie are on strike. Imperial General Properties lost C$1 to C$20¼. Abacus Cities said it is still considering the form of its take over bid for IGP.

Tokyo

The yen's further sharp appreciation to a new record high against the U.S. dollar unsettled the Tokyo stock market yesterday and left many shares lower after an active business. The Nikkei-Dow Jones Average declined 13.23 to 5,385.41 and the Tokyo SE index lost 1.14 to 422.33, while volume reached 400m shares (220m).

Export-orientated Electricals and Motors and some Blue Chips led the reaction. Sony lost Y20 to Y1,570, Victor of Japan Y30 to Y1,260, Nissan Motors Y7 to Y765, Pioneer Electronic Y30 to Y1,680 and Matsushita Electric Y8 to Y730.

Recently-selected Public Works issues and Pharmaceuticals also gave ground, but Chemicals and Electric Cables improved on "cheap" buying, while Electric Power issues were also firmer.

Nippon Telecommunications Construction receded Y150 to Y3,820, Nippon Television Networks Y110 to Y6,090, Mochida Pharmaceutical Y100 to Y1,600, K. Hattori Y70 to Y1,340 and Matsushita Electric Trading Y50 to Y1,130.

However, Toho rose Y100 to Y7,150, Kyushu Electric Power Y60 to Y1,350, Okamoto Riken Gomu Y30 to Y615, Tokyo Electric Power Y30 to Y1,140, Toyo Chemical Y29 to Y240, Nippon Carbide Y25 to Y180 and Fukuyama Transporting Y25 to Y620.

Hong Kong

Stocks staged a fresh advance across a broad front in active trading, the Hang Seng index rising 8.71 to 593.13, its highest level since November 16, 1973. Turnover on the four exchanges totalled HK$142.79m, up from Monday's figure of HK$114.16m.

Hong Kong Wharf moved ahead 90 cents to HK$28.80, Jardine Matheson 70 cents to HK$16.40, Hongkong Bank 30 cents to HK$20, Swire Pacific also 20 cents to HK$9.25, Hutchison Whampoa 15 cents to HK$6.45, Hongkong Land 10 cents to HK$10.60 and Wheelock 5 cents to HK$3.25.

Wheelock Maritime rose 15 cents to HK$3.85 in response to higher profits, but Hang Seng Bank, HK$163, relinquished HK$3 of Monday's rise of HK$9.

Paris

Market relinquished some more of its recent marked rise in moderate trading, the Bourse Industrial index slipping 0.8 to 74.5.

Brokers said the only factor affecting investors yesterday was some hesitation in the face of the disorder on the monetary front, the rise in the price of gold to record levels having drawn funds away from the stock market.

Generally better Metals and mixed Banks and Textiles were the only sectors to show signs of resistance to the easier tone.

Thomson Brandt lost 4 to FFr 233 after announcing only slightly higher sales for the first half of 1978.

*Other notably lower issues in*cluded CCF, Saint-Louis, Screg, Michelin, Moulinex, Paribas, and Saone, but Cetelem, Mumm, Poclain, Hachette, Chiers, Dollfus-Mieg and Imetal improved.

Germany

After opening on a firm note, shares turned easier on lack of fresh buying interest.

Stores continued to decline after recent marked strength, Kaufhof receding DM 6 and Neckermann DM 5. Deutsche Bank lost DM 2, while Bayer, in Chemicals, shed DM 1.40, and Mercedes, in Motors, gave up DM 5. Among Engineerings, MAN cheapened DM 2.30 but Preussag advanced DM 2.50.

Public Authority Bonds, after recent depression, managed a mixed performance yesterday, recording losses ranging to 45 pfennigs and gains of up to 25 pfennigs. The Regulating Authorities bought a nominal DM 2.7m of stock after buying DM 23.2m on Monday.

Australia

Minings had a mixed day yesterday, while Industrials continued to show a firm bias.

Uraniums further strengthened after reports of good progress on environmental issues in talks between producers and the Northern Land Council. Queensland Mines rose 20 cents to A$3 and Kathleen Investments 15 cents to A$2.60, while Pancontinental, following Monday's advance of A$1.10, closed 10 cents higher at A$16.80. Peko-Wallsend, up 14 cents the previous day, went against the trend, however, retreating 12 cents to A$5.96 on disappointment with its first-half production figures.

Base Metal Miners firmed, and there was some late interest in Golds, but diamond speculatives turned easier on profit-taking with the pacemaker CRA, receding 7 cents to A$2.80.

Renison Tin came back 20 cents to A$10.20, but Bougainville Copper gained 3 cents more to A$1.47 and Hamersley, despite lower half-year profits, improved 5 cents to A$2.30.

Among Coals, Utah lost 3 cents more to A$4.25, still unsettled by Government criticism of its pay agreement. Coal and Allied, however, picked up 4 cents to A$4.74.

The rise in the London daily sugar price helped CSR to move ahead another 8 cents to A$3.28.

Builders, Building Material Suppliers, Transports and Tobaccos hardened, while a few Retailers, despite the gloomy June statistics, were also firmer, but Breweries and Banks were in easier mood.

Philip Morris gained 6 cents more to A$6.78 awaiting the preliminary statement.

BHP reached a new 1978 peak of A$7.90, but later softened to A$7.86, down 2 cents on the day.

Johannesburg

Gold shares gained ground and closed mostly at the day's best level, reflecting the higher bullion price. Trading was moderate and sporadic at times, but included both local and overseas demand. Gains ranged from a few cents in smaller-priced issues to 135 cents in heavyweights.

Mining Financials were slow in following the gold producers, but selective issues were higher on balance. Elsewhere, De Beers advanced 12 cents to R7.15.

Platinums were modestly firmer, while the Industrial market was predominantly higher with gains outnumbering losses by a three-to-one ratio.

Indices

NEW YORK —DOW JONES

	Aug. 1	July 31	July 28	July 27	July 26	July 25	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	860.71	862.27	856.28	850.57	847.19	839.57	866.61 (8/8)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	87.80	87.75	87.62	87.46	87.29	87.15	89.36 (4/1)	86.75 (11/7)	—	—
Transport	241.46	241.14	238.51	236.17	235.00	233.08	241.46 (1/8)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.94	105.66	106.48	106.06	105.86	105.95	110.98 (3/1)	102.84 (22/2)	165.32 (20/4/69)	10.5 (28/4/42)
Trading vol. 000's†	34,810	33,990	35,870	35,590	38,850	25,400	—	—	—	—

* Basis of Index changed from August 24

Ind. div. yield %	July 28	July 21	July 14	(Year ago approx.)
	5.47	5.62	5.66	5.01

STANDARD AND POORS

	Aug. 1	July 31	July 28	July 27	July 26	July 25	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	111.31	111.59	110.61	110.09	109.55	108.82	111.58 (31/7)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§ Composite	100.66	100.68	100.00	99.54	99.08	98.44	100.68 (31/7)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	July 13	July 5	June 28	Year ago (approx.)
Ind. div. yield %	5.07	5.16	5.11	4.45
Ind. P/E Ratio	9.12	8.93	9.04	10.12
Long Gov. Bond yield	8.69	8.62	8.97	7.59

N.Y.S.E. ALL COMMON

Aug. 1	July 31	July 28	July 27	1978 High	1978 Low
56.61	56.59	56.16	55.90	56.61 (1/8)	48.37 (6/3)

Rises and Falls

	Aug. 1	July 31	July 28
Issues traded	1,891	1,918	1,881
Rises	823	1,053	960
Falls	692	488	537
Unchanged	376	377	384
New Highs	—	191	144
New Lows	—	8	10

MONTREAL

	Aug. 1	July 31	July 28	July 27	1978 High	1978 Low
Industrial	195.35	192.88	192.40	190.82	195.35 (1/8)	162.80 (15/2)
Combined	201.65	201.35	200.84	199.65	201.65 (1/8)	170.82 (30/1)

TORONTO	Aug. 1	July 31	July 28	July 27	1978 High	1978 Low
Composite	1195.5	1193.8	1189.5	1187.5	1195.5 (1/8)	989.2 (30/1)

JOHANNESBURG	Aug. 1	July 31	July 28	July 27	1978 High	1978 Low
Gold	267.4	260.7	258.5	255.8	267.4 (1/8)	185.9 (20/4)
Industrial	255.2	252.1	252.0	251.2	255.2 (1/8)	194.9 (13/3)

	Aug. 1	Previous	1978 High	1978 Low
Australia (¶)	516.53	514.96	516.53 (1/8)	441.19 (1/3)
Belgium (‖)	97.85	97.01	101.15 (8/6)	90.43 (23/5)
Denmark (**)	97.30	97.22	98.13 (9/1)	94.00 (6/2)
France (††)	74.5	75.3	75.7 (28/7)	47.5 (3/2)
Germany (‡‡)	816.6	818.5	819.9 (27/7)	759.4 (17/6)
Holland (§§)	84.5	84.2	87.0 (9/6)	76.0 (4/4)
Hong Kong (¶¶)	593.13	584.42	593.13 (1/8)	383.44 (16/1)
Italy (‖‖)	63.28	62.83	64.24 (19/7)	55.46 (10/1)
Japan (a)	422.33	423.47	425.81 (19/7)	364.04 (4/10)
Singapore (b)	361.01	358.71	361.01 (1/8)	262.0 (9/1)

	Aug. 1	Previous	1978 High	1978 Low
Spain (d)	108.71	—	110.75 (9/6)	91.41 (17/3)
Sweden (e)	408.57	405.64	408.04 (31/7)	326.36 (5/1)
Switzerl'd (f)	(c)	290.6	336.99 (16/6)	278.0 (26/4)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec., 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 2/1/72. a Tokyo New SE 4/1/68. b Straits Times 1966. c Close. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

TUESDAYS ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Texaco	314,300	23½	+⅛
Xerox	304,300	57⅜	−¼
UAL	279,700	37¼	−¼
Sears Roebuck	258,100	24⅛	+⅛
Polaroid	243,200	46⅛	+⅛
American Airlines	233,300	16⅞	−⅛
Pacific Gas & Elec.	228,700	24¼	—
Pan-Amer. Airways	228,300	8	−⅛
Western Air Lines	218,500	13¾	−¼
Westinghouse Elec.	216,600	24	−⅛

NEW YORK

Stock	Aug. 1	July 31
Abbott Labs	37	37¼
Addressograph	24⅛	24½
Aetna Life & Cas	40⅛	39¾
Air Products	30	29¼
Alcan Aluminium	30⅝	30⅝
Alcoa	45⅛	45¼
[illegible]		

Stock	Aug. 1	July 31
Corning Glass	59⅜	60
CPC Int'rn'tional	50¾	51
Crane	28	27⅝
Crocker Nat.	27⅞	28
Crown Zellerbach	35⅝	36
Cummins Engine	37⅜	37
Curtiss Wright	16⅛	16⅛
Dana	28⅜	28⅛
[illegible]		

Stock	Aug. 1	July 31
Johns Manville	29⅝	29⅜
Johnson Johnson	84½	84⅞
Johnson Control	26¾	27½
Joy Manufactur'g	37⅛	36½
K. Mar Corp	27	26⅜
Kaiser Alumini'm	36	38½
Kaiser Industries	2	2
Kaiser Steel	25	25
Kay	12⅞	13
[illegible]		

Stock	Aug. 1	July 31
Revlon	51⅞	51½
Reynolds Metals	34⅛	33½
Reynolds R. J.	57½	57¼
Rich'son Merrell	26⅞	26⅞
Rockwell Inter.	34⅜	34
Rohm & Haas	34⅜	34
Royal Dutch	61	60⅞
RTE	14⅝	14⅝
[illegible]		

Stock	Aug. 1	July 31
Woolworth	19¾	19⅛
Wyly	4⅛	4
Xerox	57⅜	57¾
Zapata	15⅞	15¾
Zenith Radio	16⅝	16¾
U.S.Treas 4% 1980	†94⅞	†94⅞
US Treas 4¼% 75/85	†80⅜	†80⅜
U.S. 90 day bills	6.85%	6.71%

CANADA

[illegible]

Stock	Aug. 1	July 31
Whirlpool	22¾	22¾
White Con. Ind.	20⅞	21¼
William Co.	20¼	19⅞
Wisconsin Elect.	27⅞	28⅝
Weston Geo.	19	19

† Bid. ‡ Asked. § Traded. ¶ New stock.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Ptas.500 denom. unless otherwise stated.
♣ Kr.100 denom. unless otherwise stated.
⊕ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

GERMANY ♦

[illegible]

TOKYO ¶

[illegible]

Source Nikko Securities, Tokyo

AUSTRALIA

Aug. 1	Aust. $	+ or −
ACMIL (25 cents)	†0.65	−0.01
Acrow Australia	†0.87	—
AMATIL $1	†2.80	+0.05
[illegible]		

OSLO

Aug. 1	Price Kroner	+ or −	Div. %	Yld. %
Bergen Bank	97	+1	9	9.3
Borregaard	65	+2	—	—
Creditbank	115.5	+2.5	11	9.6
[illegible]				

BRAZIL

[illegible]

JOHANNESBURG

[illegible]

AMSTERDAM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

PARIS

[illegible]

SWITZERLAND ●

[illegible]

COPENHAGEN ♣

[illegible]

STOCKHOLM

[illegible]

MILAN

[illegible]

VIENNA

[illegible]

SPAIN ♥

[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	Stock
AKZ	F30	11	3.30	8	3.90	13	5.50	F31.50
AKZ	F32.50	67	1.80	51	2.60	19	3.60	"
EK	$50	—	—	3	12¼	5	13¾	$61⅞
EK	$60	1	4¼	9	5½	9	7	"
FNC	$25	-	—	-	—	5	2⅜	$24
GM	$70	200	⅛	—	—	-	-	$62½
HO	F35	2	4	—	-	5	6	F36.90
HO	F37.50	10	2.60	—	—		—	"
HO	F40	-	-	15	2.10	—	—	"
IBM	$240	5	42	7	46	—	—	$281⅛
IBM	$260	9	23	1	27	—	—	"
IBM	$280	33	8½	—	—	16	17½	"
KLM	F142.90	3	17	—	—	—	—	F156
KLM	F152.40	17	11.50	—	—	—	—	"
KLM	F160	4	7	1	11	—	—	"
KLM	F161.90		—	2	11	—	—	"
KLM	F170	8	4.50	—	—	—	—	"
KLM	F171.40	6	4.50	—	—	—	—	"
KLM	F181	3	3.40	—	—	—	—	"
KLM	F209.50	—	—	1	1.70	—	—	"
NN	F108.90	—	—	12	4	—	-	F104.60
NN	F110	—	—	—	—	7	6.50	"
PHI	F22.50	—	—	—	—	6	5	$25.90
PHI	F25	10	1.70	—	—	—		"
PHI	F27.50	15	0.40	29	1	6	1.80	
RD	F130	7	5.50	6	6.70	-	-	F134.60
S	$25	—	—			2	2¼	$24½
UNI	F120	—	—	10	4.50	-	—	F120.60
		Aug.		Nov.		Feb.		
BA	$50	—	—	3	16⅛	1	17¼	$64¾
BA	$60	—	—	—	-	1	11½	"
SLP	$90	1	1¼	-	-			$88

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corpn.	13 %
First Nat. Secs. Ltd.	12 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7½%, and over £25,000 8½%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7½%.

[illegible] الرجل

Farm disaster fund gets £300,000 of EEC cash

BY CHRISTOPHER PARKES

THE GOVERNMENT has chipped in £300,000 of Common Market money to top up a farmers' relief fund set up last spring to aid livestock producers who lost breeding animals in the winter's blizzards and floods.

The farmers themselves, urged on by the National Farmers' Union collected around £110,000. And the total of £400,000-plus will be shared out soon among those producers worst affected.

Mr. John Silkin, Minister of Agriculture, claimed yesterday that the Government's contribution was by far the most generous ever granted.

The money came from a grant of about £1m from the EEC offered to help with "disasters."

On the rare occasions in the past that the Treasury has parted with funds for such relief, the contribution has been pound-for-pound the same as that from the farmers' own resources.

The Minister urged farmers to hurry their claims in to the Ministry of Agriculture. He wanted all claims in for assessment by August 25 and he hoped payments could begin during September.

The Ministry will vet all applications but the National Farmers' Union will issue the cheques.

Mr. Silkin said the Ministry had been asked to prepare 1,500 claim application forms. He thought around 1,000 farmers would prove eventually to be eligible for grants.

He stressed, however, that the fund could not provide compensation for farmers, only help towards the cost of replacing lost breeding stock.

Only farmers who had lost more than 10 per cent of their stock would be considered, and the size of the payments to be made would be calculated when a clear picture had been obtained of the extent of overall losses.

Officials said that according to rough estimates 36,000 sheep had died over the winter and 780 cattle.

The sheep were valued at £1.5m and the cattle were worth around £140,000.

Worst affected areas were Scotland and the South West of England.

Farmers who had to pour away milk because collection tankers were unable to reach them were told recently that they would not receive any compensation.

Mr. Bruce Millan told the Commons in a written reply yesterday that a further £200,000 of the EEC disaster fund would be made available to Scottish local authorities. This was the balance of Scotland's entitlement after deducting the contribution to the livestock fund.

Land prices soaring

BY OUR COMMODITIES STAFF

THE AVERAGE price of farm land sold in England rose sharply again in June. The 11,900 hectares sold during the month averaged £2,925 a hectare, compared with £2,861 in May and £2,069 a hectare in June last year, according to figures published by the Ministry of Agriculture in collaboration with the Agricultural Mortgage Corporation.

This represents an increase of more than 2 per cent in one month and more than 40 per cent over the past 12 months.

The number of sales and the amount of land changing hands so far this year is running well below last year's levels.

In the first six months of 1977 there were 1,727 sales involving 65,000 hectares of vacant possession land. In the comparable period this year there have been 1,615 sales in which 54,000 hectares have changed hands.

In London yesterday, the Minister of Agriculture said he hoped Lord Northfield, who is surveying the ownership of land in Britain would be ready to report after the summer holidays.

Stockpile purchases hampered

BY OUR COMMODITIES STAFF

THE ACQUISITION of new materials required by the U.S. strategic stockpile to meet expected needs during an emergency is being hampered by several factors, according to a report by the General Accounting Office in Washington, reports Reuter.

The report said that the General Services Administration should try to attain the goals set for strategic and critical materials within a reasonable time. But the necessary purchases were being made difficult by an acquisition policy that tried to avoid market disruption; limits on the dollar value of acquisitions to less than the value of disposals; and the continued sales of needed materials in deficit under long-term contracts.

The report pointed out that the Federal Preparedness Agency estimates $11.6bn worth of materials are required to meet stockpile goals. There were $4.6bn worth now in stock, leaving a shortage of about $7bn.

However, it said the $4.6bn of materials in Government stocks was an overstatement of the amount of materials suitable for immediate use during an emergency. A great deal of the materials were not in the desired form or quality and some of the items had been purchased 20 years ago.

Peru copper strike threat

BY OUR COMMODITIES STAFF

REPORTS OF a threatened strike by Peruvian miners, and the rise in gold and silver prices, boosted copper values on the London Metal Exchange yesterday. But early gains were eroded by a lack of follow-through buying later on.

A Reuter report from Tokyo quoted copper industry sources as confirming that the Japanese were stepping up imports of electrolytic copper, taking advantage of the sharp rise in the value of the yen to cope with a tight supply-demand situation.

Nippon Mining forecast that Japanese domestic copper output would fall below expectations because of a shortage of imported ore concentrates.

In the U.S. Asarco announced a rise in its domestic copper price of 0.5 cents to 65.5 cents a pound for cathodes and 66.125 cents for wirebars.

Kennecott said its Chase Brass and Copper subsidiary would announce on Thursday a "revolutionary" new advanced metal-forming process.

Little attention was paid on the London market to reports from Paris that output at the Kolwezi mines in Zaire was now running at some 90 per cent of expected 1978 output.

Downturn in coffee market

By Richard Mooney

COFFEE PRICES on the London futures market turned sharply lower yesterday, ending the rally which had boosted nearby positions by more than £230 since the beginning of last week. At last night's close November delivery robusta coffee was quoted at £1,168.5 a tonne, £81 down on the day.

Dealers said there was no fundamental news to explain the fall, which they saw mainly as a reaction to the previous rise. They thought the fall might also have been encouraged by further consideration of a producer call for export curbs at Monday's International Coffee Organisation executive.

The call by Sr. Arturo Gomez Jaramillo, president of the Colombian Coffee Federation, was initially interpreted by some market operators as bullish. But as it became clear that no action on quotas could be taken before next month's full International Coffee Council meeting, the market has adopted a bearish view.

"Sr. Gomez Jaramillo has merely drawn attention to the fact that many producers expect coffee prices to fall unless some action is taken by the International Coffee Association," one dealer explained yesterday. "As no action is likely to be taken for some time the quota demand amounts to a forecast of lower prices."

Our Kingston correspondent writes: the Jamaican coffee industry is now fighting an attack by a berry borer beetle which threatens seriously to affect this year's crop. The beetle was discovered several weeks ago, and there are fears that the very valuable Blue Mountain type could be affected.

'Manioc hits cereal sales'

By Our Commodities Staff

IMPORTS of manioc, also known as cassava or tapioca, into the EEC are tending to damage the Community markets for competing cereals, particularly barley, according to the Home Grown Cereals' Authority's Weekly Digest.

The maximum GATT tariff of 6 per cent gives manioc an advantage over Community-produced grain and the commodity is being increasingly used by EEC animal feed compounders. Common Market imports of manioc nearly doubled to 3.9m tonnes between 1974 and 1977.

While these imports have indirectly helped livestock producers, its advantages for the Community as a whole are doubtful, the HGCA says.

SOUTH AFRICAN WINE INDUSTRY

'Double-cross' causes disarray

BY JOHN STEWART IN CAPE TOWN

THE FAILURE of the South African Government to negotiate a special dispensation in Europe for Cape wine exports to compensate for the loss of imperial preference in 1973, has led to extraordinary distortions in the home market.

In 1973, in an attempt to comply with the strict EEC wine laws, the Government in Pretoria introduced a complicated system governing the production of wines and their labelling, according to the area of origin.

It was hoped that compliance with an approved system would obtain for Cape wine exporters exemption from Europe's system of reference prices and allow South Africa's fortified wines, in particular, to compete on more or less equal terms with the offerings of other more preferred third-countries, such as Spain, Portugal and Cyprus.

However, despite unofficial acknowledgement of the acceptability of South Africa's Wine of Origin system, and despite five years of patient attempts by South African trade officials to obtain the EEC wine office's formal endorsement, it appears finally to have dawned on the Pretoria authorities that the European Commission has no intention of granting formal recognition or exemption from non-tariff barriers.

The sense of betrayal is all the more acute in view of the fact that South Africa did not try through the General Agreement on Tariffs and Trade to obtain compensatory treatment in 1973 for the loss of UK preference.

Although South Africa has never been a major wine exporter, the British market is a cherished one, with a history going back to the Napoleonic wars. In terms of volume it is about 8m to 9m litres a year, worth R3m to R4m (£1.8m-£2.4m) a year. That may seem chickenfeed viewed against gross liquor sales of R1.3bn a year in South Africa, but it does help to sweeten net payments to the country's 5,000 wine farmers who produce crops of 500m to 600m litres a year.

As a result of the European "double-cross," the South African wine industry finds itself equipped with an *appellation controlée* regime which must be comparable with the best, and the most complicated, in the world.

Philosophy

Wholesale producing merchants and their marketing men, though, are asking themselves whether it is in everyone's best interests to retain it in its present form. One of their arguments is that, unlike France in particular, quality differences between Cape fine wines and their low- and medium-priced counterparts are relatively small due to a large degree of uniformity in climate, soil, cellar technology, and so on.

While it is not disputed that the pretensions of wines should be backed by the force of law.

It may be no coincidence, they say, that sales volumes of unfortified wines have fallen 30 per cent since 1973. In the period of 30 years before 1973, sales climbed steadily and increased eight-fold to a peak of nearly 200m litres.

The marketing philosophy before the introduction of the Wine of Origin regime was to sell good wines at reasonable prices, regardless of origin. The cornerstone was mass volume sales under a limited number of trademarks. Market leadership was the seal of quality.

Obviously, the name of the game was blending, but this helped to keep unit costs low—an important consideration in view of the fact that 8 per cent of unfortified wine sales were made in the traditional producing area, the Western Cape, to people in the lowest income group, the coloured people.

Compliance with Wine of Origin regulations forced the wholesale producing merchants into heavy additional investment. Strict requirements relating to purity of origin and, to lesser extent, the year of vintage, resulted in shortages, demand distortions and heavy price increases.

Somehow, preferences became fragmented, trademark loyalties were blurred and the large body of consumers grew confused.

Wine producers, on the other hand, believe the Wine of Origin system has nothing to do with quality, merely the pretensions of wine.

The truth is that sales of unfortified wine continue to fall away. They have slipped 5 to 7 per cent a year for the last five years. The portion of the wine crop which is finally sold as potable wine dropped from nearly 50 per cent in 1970 to less than 40 per cent last year.

Deprivation

In addition to the Wine of Origin system, two other reasons have been given for the sales decline. One is that wine has become extremely price-sensitive among its traditional consumers. Shelf prices of the cheapest wines have increased about 100 per cent since 1973 due to inflation and taxes and possibly the Wine of Origin system. Disposable incomes of consumers in the low income groups have declined sharply on the other hand, after 45 months of recession.

The other is that profound sociological changes have taken place among the country's biggest wine consumers, the coloured people. Marketing experts suggest that the new generation of coloured people (more than 60 per cent of the 2.5m people thus classified are under the age of 25) prefer "up-image" wines or spirits because they associate the traditional mass-selling low-priced brand names with the squalor and deprivation of their childhood, and with the ignorance and poverty of their parents.

Soviet Union buys more American grain

WASHINGTON, August 1.

THE SOVIET UNION has bought another 100,000 metric tons of maize, bringing its purchases of U.S. grain for the year ending September 30 to 14.4m tons, the U.S. Agriculture Department said here today.

Under a five-year agreement with the U.S. the Russians must buy at least 6m tons of U.S. wheat and maize a year from private exporters. If they want to buy more than 8m tons they must consult with the U.S. Government.

In the wake of a reduced Soviet grain crop, U.S. officials told the Russian buyers that up to 15m tons could be bought this year from the heavy surpluses that have built up after three good American crop years.

Exporters must tell the department within 24 hours of any sale of more than 100,000 tons. Sales are publicly reported, but not the name of the exporter or the price paid by the Russians.

The Department said that sales under the second year of the pact now total 3.5m tons of wheat and 10.9m tons of maize.

In Rome meanwhile, the UN Food and Agriculture Organisation estimated in a study that world wheat production could rise to about 450m tonnes in 1985 from 386m tonnes last year.

The study sets out two sets of projections basic and supplementary. Under basic projections, output is forecast to grow broadly in line with trends over the period 1961-75, adjusted to take account of recent developments.

The supplementary projections assume a faster economic growth rate and greater development success in developing countries.

Under the basic projection, world wheat output is forecast to rise to 447m tonnes in 1985, representing an annual increase of 7m tonnes or 1.8 per cent by comparison with the 1972-74 period. This compares with an annual expansion rate of 3.3 per cent in the previous decade.

Lack of suitable land for wheat growing is one main obstacle to higher yield growth in developing countries, FAO said.

For highly populated regions, such as most of the Far East and Egypt, possibilities of extending crop areas are limited.

Only in Latin America is a significant increase in area of 3 per cent a year foreseen up to 1985, and even there expansion could be limited by climatic problems in semi-tropical areas.

Africa is considered to have substantial land resources that could be suited to wheat growing, but most of this will not be utilised by 1985.

Most of the projected rise in output between 1972-74 and 1985 is expected in the Far East, including China, where intensive production methods could raise output by 30m tonnes.

Russia to buy more cocoa if prices drop

THE Soviet Union told this week's meeting of the International Cocoa Council that its consumption of cocoa beans would rise sharply if world market prices fell to within the Cocoa Agreement's current buffer stock range of 65-87 cents a pound, Reuter reports. Prices are more than 140 cents a pound.

Latest forecasts by the council's statistics committee put Soviet 1977-78 cocoa grindings at 80,000 tonnes against a peak of 164,700 tonnes reached in 1974-75.

The USSR told the council yesterday that its net cocoa bean import requirement might exceed 150,000 tonnes, excluding imports of cocoa products.

The country changed from cocoa to sugar-based confectionery when cocoa prices rose sharply in comparison to sugar a couple of years ago.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Gave ground on the London Metal Exchange after a firm start when forward metal went from £735 to £741 on interest thought to come from Japan, reports of a likely strike in Peru and the strength of gold and silver. But there was no follow-through in the Ring and the price drifted off. Comex was lower in the afternoon. After touching £735, the price steadied to close on the Kerb at £736.5. Turnover 11,125 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £719, three months £742, 41.5, 41, 40.5, 40, 39, 39.5. Kerbs: Wirebars, three months £739.5, 40, 40.5. Afternoon: Wirebars, three months £736, 35, 36, 35.5, 34, 37, 36.5, 37. Kerbs: Wirebars, three months £736.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	718.5-9.5	+.25	716.5-6.5	+2.25
3 months	739-.5	-.5	736.5-7	+2
Settlem't	719.5	-.5	—	.....
Cathodes				
Cash	714-.5	-1	711.5-2	+2.5
3 months	734.25-.5	-1.62	732-.5	+2
Settlem't	714.5	-1	—	.....
U.S. Smt.	—		65-66	.....

TIN—Higher as forward metal started at £6,460 after a strong rise in the East overnight. But the price slipped throughout the day in fairly good business with the technical tightness easing and the backwardation tending to narrow. A low of £6,420 was touched before a close on the Kerb of £6,450. Turnover 1,075 tonnes.

Morning: Standard, cash £6,540, 35, three months £6,440, 30, 25, 30, 25, 30. Kerbs: Standard, three months £6,435. Afternoon: Standard, cash £6,505, three months £6,470, 75, 70, 75. Kerbs: Standard, three months £6,429, 30, 40.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6535-40	+57.5	6510-20	+35
3 months	6445-55	+60	6435-45	+45
Settlem't	6540	+55	—	.....
Standard				
Cash	6535-40	+57.5	6510-20	+35
3 months	6430-5	+60	6420-30	+47.5
Settlem't	6540	+55	—	.....
Straits E.	$1720	+30	—	.....
New York	—	...	*576.50	+7

LEAD—Moved narrowly in quiet trading with forward metal priced up to £320 in early dealings on the back of copper but tending easier later. The price drifted to £317.5 but closed on the Kerb at £318. Turnover 4,300 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	310-.25	+1.37	311-2	+3.5
3 months	317.5-.75	+.875	318-9	+1.75
Settlem't	310.25	+1.25	—	.....
U.S. Spot	—	.....	31.38	.....

Morning: Cash £310.5, 10, three months £319, 18, 17.75. Kerb: Three months £318. Afternoon: Early Aug. £311.5, three months £319.5, 18, 18.5. Kerb: Three months £318.5, 18.

ZINC—Little changed after following the pattern of lead. Forward metal traded early at £319 but then fell back to £316.5 in quiet business before closing on the Kerb at £317.5. Turnover 7,250 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	307.75-8.5	+2	306.5-7.5	+2
3 months	317.25-.5	+1.62	316.5-7	+1.75
S'ment	308.25	+1.75	—	.....
Prim. West	—	.....	29.31	.....

Morning: Cash £308, three months £318, 17.5, 17, 17.5. Kerb: Three months £317.5, 18. Afternoon: Three months £317, 17.5, 17, 16.5, 17. Kerb: Three months £317.

* Cents per pound. † On previous official close. ‡ $M per picul.

SILVER

Silver was fixed 7.2p an ounce higher for spot delivery in the London bullion market yesterday at 295.6p. U.S. cent equivalents of the fixing levels were: spot 571.6c, up 14.3c; three-month 583.8c, up 14.6c; six-month 593.7c, up 15.0c; and 12-month 618.4c, up 14.8c. The metal opened at 293.3-294.3p (567½-569c) and closed at 290.9-291.9p (560½-562c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	295.6p	+7.2	292.45p	+2.5
3 months	303.1p	+7.2	299.95p	+2.4
6 months	310.35p	+7.55	—	.....
12 months	326.4p	+7.2	—	.....

LME—Turnover 150 (102) lots of 10,000 ounces. Morning: Three months 303, 3.1, 3.2, 3, 3.1, 3.3, 3.2, 3. Kerb: Three months 303.5, 3, 3.1. Afternoon: Three months 299.6, 9.7, 9.5, 9.6, 9.7, 9.9, 9.5, 300, 299.8, 99.9. Kerb: Three months 300.1, 300.2, 300.4, 300.3.

COCOA

Initial steadiness gave way to profit-taking later in the day and a gradual easing in values, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No. 6 Contr't			
Sept	1785.0-85.0	—26.5	1814.0-1777
Dec	1771.0-72.0	—17.5	1796.0-65.0
March	1742.0-43.0	—19.0	1765.0-38.0
May	1716.5-18.0	—24.5	1750.0-17.0
July	1696.0-1710	—21.0	1725.0-10.0
Sept	1679.0-85.0	—21.0	1696.0-85.0
Dec	1655.0-68.0	.....	1685.0-62.0

Sales: 3,799 (7,014) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price July 31: 152.01 (149.46). Indicator prices August 1: 15-day average 144.46 (143.59); 22-day average 142.39 (143.02).

COTTON

COTTON—Liverpool: Spot and shipment sales amounted 15 tonnes, reports F. W. Tattersall's. Lack of enterprise was again apparent among users and only small buying resulted. Awaiting new crop supplies, interest tended towards Middle Eastern and African growths.

COFFEE

Early steadiness in Robustas was short-lived as dealer profit-taking hit off commission-house stop-loss liquidation, Drexel Burnham Lambert reports. In the afternoon values slipped lower still after a brief rally but trade scale-down buying added a measure of support to late-afternoon trading. On the close an easing in New York "C" contract prompted new selling and final values were up to £91 lower with nearby values worst hit.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
September	1250-1253	—91.5	1330-1230
November	1167-1170	—81.0	1239-1165
January	1125-1132	—64.0	1175-1130
March	1090-1100	—42.5	1115-1081
May	1065-1075	—26.5	—
July	1030-1060	—7.5	1026
September	1010-1095		

Sales: 2,087 (3,572) lots of 5 tonnes.

ICO Indicator prices for July 31 (U.S. cents per pound): Colombian Mild Arabicas 172.00 (155.00); unwashed Arabicas 129.00 (same); other mild Arabicas 129.67 (126.17); Robustas ICA 1976 119.25 (119.00); Robustas ICA 1968 119.50 (119.25). Daily average 124.46 (122.00).

ARABICA CONTRACT—In order buyer, seller, sales: Aug. 136.00-35.00; Oct. 123.00-30.00; Dec. 127.50-30.00; Feb. 125.00-29.00; April 120.00-27.00; June 116.00-27.00; Aug. 117.00-25.00. Sales: Nil.

RUBBER

EASIER opening on the London physical market. Fair interest throughout the day, closing slightly steadier. Lewis and Peat reported a Malaysian godown price of 233 (234) cents a kg (buyer, August).

No.1 R.S.S.	Yesterday's Close	Previous Close	Business done
Sept	53.65-53.70	54.00-54.05	53.50
Oct	54.00-54.50	54.50-55.30	—
Oct-Dec	55.15-55.20	55.45-55.55	55.00-54.80
Jan-Mar	57.15-57.20	57.55-57.6	57.20-55.70
Apr-Jne	59.10-59.15	59.50-59.55	59.15-58.80
Jly-Sept	61.00-1.0	61.35-1.45	—
Oct-Dec	62.85-62.90	63.15-63.35	62.85-62.75
Jan-Mar	64.65-64.70	65.10-65.15	64.50-64.55
Apr-Jne	66.75-66.85	66.85-66.90	66.8-66.40

Sales: 296 (213) lots of 15 tonnes and 29 (16) of 5 tonnes.

Physical closing prices (buyers) were: Spot 53p (53.25); Sept. 55.25p (55.5); Oct. 55.5p (56.0).

GRAINS

LONDON FUTURES—(GAFTA)—The market opened 15p higher on wheat and 15-25p higher on barley. Buying interest was seen initially on the nearbys, but values eased during the day with virtually no trade in the afternoon session to close unchanged to 15 lower on wheat and unchanged to 10p lower on barley, Acli reports.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Sept.	85.05	—0.15	79.40	—0.10
Nov.	87.50	.....	82.25	.....
Jan.	90.25	—0.15	84.95	—0.05
Mar.	93.00	—0.15	87.45	—0.05
May	95.65	—0.15	90.05	—0.05

Business done—Wheat: Sept. 85.00-85.30, Nov. 87.55-87.65, Jan. 90.15-90.40, March 93.00-93.30, May 95.65 only. Sales: 66 lots. Barley: Sept. 79.45-79.75, Nov. 82.20-82.50, Jan. 84.95-85.25, March 87.60-87.75. Sales: 123 lots.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, Aug. £92, Tilbury seller. U.S. Dark Northern Spring No. 2, 14 per cent, Aug. £79, Sept. £79.50, Oct. £79.75, transhipment East Coast seller. U.S. Hard Winter ordinary, Western Australia Faq, New South Wales SW area, New South Wales Prime Hard, Argentine, Soviet, EEC Feed, EEC Faq and EEC Milling unquoted.

Maize: U.S./French Aug. £97.50, Sept. £101, transhipment East Coast. South African White Aug. £69, Liverpool/Glasgow seller. South African Yellow Aug. £69, Liverpool/Glasgow seller.

Barley, Sorghum, Oats: Unquoted.

HGCA—Farm spot prices for August 1. Feed Wheat: Berkshire and Oxfordshire £80.50. Feed Barley: Berkshire and Oxfordshire: £74.00; North-east England £74.30.

The UK monetary coefficient for the week beginning August 7 will remain unchanged.

EEC DAILY IMPORT LEVIES—EEC levies and premiums as follows are effective for August 2 in units of account a tonne. In order current levy plus Sept., Oct. and Nov. premiums (with previous in brackets). **Common wheat**—82.20, rest nils (82.59, rest nils). **Durum wheat**—127.46, rest nils (127.46, rest nils). **Rye**—79.16, rest nils (79.51, rest nils). **Barley**—77.25, rest nils (77.25, rest nils). **Oats**—67.74, rest nils (65.39, rest nils). **Maize** (other than hybrid for seeding)—73.37, rest nils (73.37). **Buckwheat**—All nils (all nils). **Millet**—65.77, rest nils (65.77, rest nils). **Grain sorghum**—74.93, rest nils (74.93, rest nils).

Flour levies—Wheat or mixed wheat and rye flour—126.08 (126.61). **Rye flour**—121.37 (125.66).

SOYABEAN MEAL

The market opened £1 down as prices reached new lows and the market fell further in thin volume. But some short-covering emerged at the lows and the closing tone was steady.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
August	106.00-10.0	—0.60	—
October	110.70-10.8	—1.15	111.00-10.80
December	111.60-11.8	—1.25	112.00-11.60
February	112.55-13.8	—1.45	115.00
April	115.30-14.5	—1.60	114.40-14.00
June	115.00-16.0	—0.75	—
August	115.00-18.0	—0.55	—

Sales: 169 (88) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £95.00 (£95.00) a tonne cif for allotment. White sugar daily price was fixed at £94.00 (£95.00).

The market opened slightly above kerb levels before moving ahead as buyers found only scattered offerings scale-up, reports C. Czarnikow. By the end of the morning gains had been recorded, but later a lower New York opening caused prices to slip. However, by the close the market recovered.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Oct.	85.55-85.60	85.50-85.75	85.50-85.60
Dec.	87.00-88.15	88.95-89.25	88.50-87.00
March	92.50-92.75	93.55-93.60	93.55-91.25
May	94.65-94.95	95.25-95.75	96.75-93.40
Aug.	98.50-98.25	98.25-98.60	98.50-97.50
Oct.	101.45-101.4	100.00-00.50	101.45-00.60
Dec.	104.25-05.25	—	—

Sales: 3,262 (4,525) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.55 (same) a tonne for home trade and £145.00 (£145.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for July 31: Daily 6.73 (6.21); 15-day average 6.22 (6.21).

EEC IMPORT LEVIES—The following import levies for white and raw sugar are effective for Aug. 1 in units of account per 100 kilos (with previous in brackets). White sugar (denatured and non-denatured) 27.89 (same). Raw sugar 22.76 (22.76).

WOOL FUTURES

LONDON—Dull and featureless, Bache reported.

Australian Greasy Wool	Yesterd'ys Close	+ or —	Business Done
	(Pence per kilo)		
October	239.0-41.0	.....	—
December	245.0-46.0	.....	—
March	245.0-47.0	.....	—
May	245.0-47.0	.....	—
July	244.0-48.0	.....	—
October	245.0-52.0	.....	—
December	247.0-52.0	.....	—

Sales: Nil (same) lots of 1,500 kg.

SYDNEY GREASY—(In order buyer, seller, business, sales). Micron Contract: Oct. 345.5, 347.0, 345.5-345.5, 2; Dec. 351.5, 355.0, 352.5-350.0, 5; March 360.2, 360.5, 360.5-359.5, 8; May 362.5, 362.5, 362.5-362.5, 5; July 367.5, 368.0, nil; Oct. 371.5, 372.0, 371.5-371.5, 6; Dec. 373.0, 374.0, 373.0-373.0, 5. Total sales: 32 lots.

NEW ZEALAND CROSSBREDS (in order buyer, seller)—Dec. 151.0-155.0; March 154.0-158.0; May 155.0-157.0; July 157.0-159.0; Oct. 159.0-162.0; Dec. 159.0-161.0. Sales, nil.

MEAT/VEGETABLES

SMITHFIELD (prices in pence per pound)—**Beef:** Scotch killed sides 54.0 to 58.0; Ulster hindquarters 65.0 to 68.0, forequarters 34.0 to 36.0. Eire hindquarters 64.0 to 67.0, forequarters 34.0 to 36.0.

Veal: Dutch hinds and ends 78.0 to 85.0.

Lamb: English small 52.0 to 58.0, medium 52.0 to 55.0, heavy 50.0 to 54.0; Scotch medium 50.0 to 55.0, heavy 50.0 to 52.0. Imported frozen NZ PL 54.0 to 54.0.

Pork: English, under 100 lb 37.0 to 44.0, 100-120 lb 38.0 to 43.0, 120-160 lb 35.0 to 41.0.

MEAT COMMISSION average fatstock prices at representative markets on August 1. GB cattle 69.69p per kg.l.w. (—1.16). UK sheep 136.8p per kg.est.d.c.w. (—1.2). GB pigs 60.2p per kg.l.w. (—1.2). **England and Wales**—Cattle numbers up 5.3 per cent, average price 65.66p (—0.65). Sheep numbers down 34.9 per cent, average price 136.8p (+2.7). Pig numbers down 7.7 per cent, average price 59.6p (—1.4). **Scotland**—Cattle numbers down 6.0 per cent, average price 72.18p (—1.54). Sheep numbers up 194.7 per cent, average price 120.9p (—4.6). Pig numbers up 34.6 per cent, average price 62.7p (—0.2).

COVENT GARDEN (Prices in sterling per package except where otherwise stated)—**Imported Produce: Oranges**—S. African: Valencia Late 4.60-5.10; Brazilian: Peras 4.30-5.40; Californian: 6.00-6.50. **Tangerines**—Brazilian: 53/83 3.50-3.50. **Lemons**—Italian: 100/120's new crop 5.00-5.50; Spanish: Trays 1.50-2.00, large boxes 4.80-5.50; S. African: 4.20-6.00. **Grapefruit**—S. African: 27/72 3.40-4.50; Jaffa: 40's 4.40; Argentine: Ruby Red 42/56 4.90-5.50, Marsh Seedless 48/56 4.20; Californian: Marsh Seedless 64 4.50. **Apples**—French: Golden Delicious 20 lbs 84's 4.40-4.50, 72's 4.50-4.80; W. Australian: Granny Smith 8.20-8.60; Tasmanian: Sturmer Pippins 9.20-9.70, Croftons 11.00, Democrats 11.00; Victorian: Granny Smith 8.20-8.50; S. African: Granny Smith 8.50, Golden Delicious 9.60-10.00; New Zealand: Sturmer Pippins 163 10.00, 175 10.00, Red Dougherty 11.00, Granny Smith 9.00; Italian: Rome Beauty per pound 0.20; Golden Delicious 0.19-0.20; Spanish: New crop per pound 0.15-0.22; French: Cardinal per pound 0.15. **Pears**—Victorian: Winter Nelis 7.50-8.00; French: Dr. Guyot 28-lb box 4.00; Spanish: Limonera 11 lbs 1.80; Italian: Dr. Guyot 28 lbs 4.00. **Peaches**—Italian: 1½ trays 1.80-2.80; French: 1.20-1.50. **Grapes**—Per pound Cypriot: Cardinal 0.25, Sultana 0.25, Thompson 0.30. **Plums**—Spanish: 5 kilos Santa Rosa 1.50-1.20; Italian: Per pound Burbanks 0.20-0.22, Blue 0.20-0.22. **Apricots**—Hungarian: 2.60. **Bananas**—Jamaican: Per pound 0.13. **Avocados**—Kenyan: Fuerte 14/24's 4.50-5.00; S. African: Fuerte 4.50-5.00. **Capsicums**—Dutch: Per 5 kilos 2.80; Italian: 1.50-2.00. **Cherries**—Washington: Per pound 0.90. **Onions**—Spanish: 2.50-3.20; Maltese: 2.00-2.20. **Tomatoes**—Dutch: 2.60; Guernsey: 2.60; Jersey: 2.40. **Melons**—Spanish: Yellow 6/14 2.30-2.60; Canary: Ogen 6/10's 2.20-2.40. **Water-melons**—Spanish: 2.00; Greek: 2.80-3.50; Italian: 2.60-2.80.

English Produce: Potatoes—Per 56 lbs 1.10-1.60. **Lettuce**—Per 12 0.50, Cos 0.90, Webbs 0.90. **Rhubarb**—Per pound, outdoor 0.06. **Cucumbers**—Per tray 12/24's 0.90-1.20. **Mushrooms**—Per pound 0.40-0.60. **Apples**—Per pound Grenadier 0.08-0.16. **Tomatoes**—Per 12 lbs English 2.40. **Cabbages**—Per crate 1.50-2.00. **Celery**—Per 12/18's 1.50-2.00. **Cauliflowers**—Per 12 Lincoln 0.80-1.40. **Broad Beans**—Per pound 0.10-0.12. **Runner Beans**—Per pound Stick 0.25-0.35, Ground 0.18-0.22. **Peas**—Per pound 0.05-0.11. **Cherries**—Per pound Black 0.40-0.45, White 0.30-0.35. **Beetroot**—Per 28 lbs 0.60-0.80. **Carrots**—Per 28 lbs 0.50-1.20. **Capsicums**—Per pound 0.20-0.30. **Courgettes**—Per pound 0.06-0.12. **Onions**—Per bag 1.00-1.50. **Swedes**—Per 28 lbs 1.00-1.20. **Turnips**—Per 28 lbs 1.20-1.40. **Black/Red Currants**—Per pound 0.30-0.40.

BRAZIL LIFTS SOYA PRICE

RIO DE JANEIRO, August 1.

THE Brazilian National Supply Council has approved an increase in Brazil's support price for soyabeans for the 1978-79 season to 150 cruzeiros per 60 kilo bag from 112.20 cruzeiros for 1977-78.

Other support price increases for the coming season include maize, to 100 cruzeiros per 60 kilos from 78; rice, to 182 cruzeiros per 50 kilos from 130; and cotton to 135 cruzeiros per 15 kilos from 100.20.

Reuter

PRICE CHANGES

Price per tonne unless otherwise stated.

	Aug. 1 1978	+ or —	Month ago
Metals			
Aluminium	£680	.....	£680
Free market (cis)	$1,045-55	.....	$1050-40
Copper cash W.Bar	£716	+2.25	£693
3 months do. do.	£736.75	+2.0	£713.75
Cash Cathode	£711.75	+2.5	£689.5
3 months do. do.	£732.25	+2.0	£709.75
Gold Troy oz.	$202.875	-2.25	$184.875
Lead Cash	£311.5	+3.5	£305.5
3 months	£318.5	+1.75	£315.75
Nickel	‡	.....	£2,566
Free Market (cif)(lb)	$1.70 1.88	-0.02	$1.80 1.94
Platinum troy oz.	£128	.....	£129.5
Free Market	£138.45	+1.95	£129.25
Quicksilver (76lb.)	$125/30	.....	$125.30
Silver troy oz.	295.6p	+7.2	283.25p
3 months	303.1p	+7.2	290.65p
Tin cash	£6,515	+55.0	£6,570
3 months	£6,425	+47.5	£6,495
Tungsten (a)	$140.57	.....	—
Wolfram 22.04lb (cif)	$131/36	.....	$132-35
Zinc cash	£307	+2.0	£307.25
3 months	£316.75	+1.75	£317.125
Producers	$550-600	.....	$550-600
Oils			
Coconut (Phil)	$640y	-15.0	$660
Groundnut	£648	.....	£698
Linseed Crude (v)	£354	.....	£545
Palm Malayan	$555z	.....	$630
Seeds			
Copra Philip	$437.5y	-5.0	$468
Soyabean (U.S.)	$264y	.....	$274.5
Grains			
Barley EEC			
Home Futures	£82.25	.....	£81.0
Maize			
French No. 3 Am	£98.5	.....	£103.25
Wheat			
No. 1 Red Spring	£92	.....	£92
No. 2 Hard Winter	‡	.....	‡
English Milling	£93	.....	£105
Cocoa shipment	£1,860	+5.0	£1,876
Future Sept.	£1,771.5	-39.0	£1,796.5
Coffee Future			
Nov.	£1,168.5	-81.0	£1,398.5
Cotton 'A' Index	72.55c	+0.5	70.95c
Rubber kilo	53p	-0.25	53.25p
Sugar (Raw)	£85	+4.0	£91
Wooltops 64s kilo	281p	.....	285p

* Nominal. † New crop. ‡ Unquoted. m June-August. n July-Sept. p July-Aug. q Sept. r Oct. s Aug.-Sept. x Per ton. z Indicator price cif, per 10 kilos.

FINANCIAL TIMES

Aug. 1	July 31	Month ago	Year ago
235.72	237.66	240.05	243.78

(Base: July 1, 1952=100)

REUTER'S

Aug. 1	July 31	Month ago	Year ago
1420.6	1429.4	1458.6	1516.2

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Aug. 1	July 31	Month ago	Year ago
Spot	356.20	357.83	359.09	367.37
Futures	345.81	347.87	345.87	341.53

(Average 1924-25-26=100)

MOODY'S

Moody's	Aug. 1	July 31	Month ago	Year ago
Staple Commodity	921.5	912.2	920.9	945.7

(December 31, 1931=100)

★

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.50-£4.00, codlings £2.20-£3.00; large haddock £3.60-£4.40, medium £2.40-£3.80, small £2.00-£2.50; large plaice £4.80-£5.40, medium £4.50-£5.00, best small £3.80-£4.60; large skinned dogfish £9.00, medium £7.00; large lemon soles £6.00, medium £5.30; saithe £1.50-£1.80.

U.S. Markets

Metals and cocoa ease: coffee down

NEW YORK, August 1.

COFFEE finished limit-down on disappointed Commission House liquidation. Cocoa eased on light speculative and trade arbitrage selling. Precious metals closed lower on speculative and trade profit-taking following the recent advances. Copper finished slightly higher on local short-covering activity, reports Bache.

Cocoa—Sept. 152.90 (153.45), Dec. 147.00 (145.60), March 142.95, May 141.45, July 139.50, Sept. 137.25, Dec. 135.40 settlement. Sales: 567.

Coffee—"C" Contract: Sept. 121.00-121.50 (128.48), Dec. 113.17 asked (121.17), March 110.13 asked, May 107.50 asked, July 106.00-106.50, Sept. 105.00-104.50, Dec. 102.50-103.50. Sales: 740 lots.

Copper—Aug. 62.65 (62.40), Sept. 63.25 (63.00), Oct. 63.85, Dec. 65.10, Jan. 65.70, March 66.55, May 67.90, July 68.95, Sept. 69.95, Dec. 71.50, Jan. 72.05, March 73.10, May 74.10 settlements. Sales: 3,200 lots.

Cotton—No. 2: Oct. 61.80-61.90 (62.17), Dec. 62.50-62.60 (63.25), March 65.15, May 66, July 66.75-66.85, Oct. 65.15-65.25, Dec. 65.50. Sales: 4,350.

***Gold**—Aug. 201.40 (203.60), Sept. 202.60 (204.90), Oct. 204.30, Dec. 207.50, Feb. 210.50, April 214.20, June 217.60, Aug. 221.10, Oct. 224.60, Dec. 228.10, Feb. 231.60, April 235.10, June 238.60 settlements. Sales: 10,500 lots.

†**Lard**—Chicago loose 22.75 (22.50), NY prime steam 24.25 traded (24.00 traded).

‡**Maize**—Sept. 225½-225¼ (226½), Dec. 233-232¾ (235), March 241¾-241½, May 246½, July 249, Sept. 250 nom.

§**Platinum**—Oct. 265.00-266.50 (268.60), Jan. 270.00 (272.90), April 274.20-274.40, July 278.50-279.00, Oct. 282.20-282.50, Jan. 285.10-285.20, April 288.00. Sales: 2,044 lots.

¶**Silver**—Aug. 554.20 (564.60), Sept. 555.50 (569.20), Oct. 562.60, Dec. 570.90, Jan. 575.00, March 585.30, May 592.20, July 601.20, Sept. 610.20, Dec. 624.00, Jan. 628.70, March 638.10, May 647.50 settlements. Sales: 26,000 lots. Handy and Harman spot bullion 558.90 (557.70).

Soyabeans—Aug. 629½-625 (637½), Sept. 614-614½ (621½), Nov. 603-601, Jan. 609-605½, March 617, May 622, July 624-624½, Aug. 621.

‖**Soyabean Meal**—Aug. 164.20-164.00 (164.60), Sept. 163.20-163.40 (164.00), Oct. 162.80, Dec. 162.30-162.50, Jan. 163.00-163.20, March 166.00-166.50, May 167.00-167.50, July 168.00-169.00.

Soyabean Oil—Aug. 23.80-23.55 (23.97), Sept. 22.90 (23.25), Oct. 22.35-22.40, Dec. 21.85, Jan. 21.85, March 21.90, May 21.90, July 21.90, Aug. 21.90-21.95.

Sugar—No. 11: Sept. 6.75-6.79 (6.34-6.35), Oct. 6.41-6.42 (6.44-6.45), Jan. 6.64-6.75, March 6.91-6.92, May 7.07-7.08, July 7.24-7.20, Sept. 7.46-7.47, Oct. 7.50, Jan. unquoted. Sales: 6,750 lots.

Tin—575.00-578.00 nom (569.50).

****Wheat**—Sept. 311½-312 (315½), Dec. 315½-315 (318½), March 314, May 312-312½, July 305, Sept. 308 nom.

WINNIPEG, Aug. 1. ††**Rye**—Oct. 99.90 bid (94.00 bid), Nov. 92.00 asked (95.50 nom), Dec. 95.00-95.50, May 98.20 asked.

††**Oats**—Oct. 69.00 (70.50), Dec. 69.00 asked (70.70 asked), March 69.10, May 69.10 asked.

‡‡**Barley**—Oct. 71.10 bid (72.00 asked), Dec. 71.70 asked (72.50 asked), March 71.70 bid, May 71.50 bid.

§**Flaxseed**—Oct. 232.00 bid (235.50), Nov. 230.10 asked (271.50 bid), Dec. 229.70 asked, May 235.50 asked.

****Wheat**—SCWRS 13.5 per cent protein content cif St. Lawrence 162.58 (162.74).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

STOCK EXCHANGE REPORT

Strong revival in equity leaders and Gold shares

FT-Actuaries Industrial group index at all-time peak

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 24	Aug. 3	Aug. 4	Aug. 15
Aug. 7	Aug. 17	Aug. 18	Aug. 30
Aug. 21	Aug. 31	Sep. 1	Sep. 12

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

A change of tack by some institutional investors who decided to act now and not await the possibility, mooted on Monday, of Account stock appearing later in the week caught the market unawares yesterday. Fairly quickly, the pattern emerged of a small demand for the equity leaders chasing too little stock and prices responded to leave the F.T. Industrial Ordinary index up 6.1 at the day's best of 495.5.

South African Gold shares, too, revived strongly, basking in the bullion price which rose to a new all-time peak before settling just short of the highest. Although the share gains were trimmed late, they still ranged to a point and more in the heavyweights and produced a net rise of 8.2 in the F.T. Gold Mines index to 191.5.

British Funds were not completely overshadowed, dealers describing the trend as quietly satisfactory and probably aided to a degree by hopes that Minimum Lending Rate would soon begin to fall. Applications for the £800m of new tap stock Exchequer 12 per cent 1999-2002 open today with dealings commencing on Thursday.

The Chancellor's comments on BBC radio that prospects for the Government's current pay phase are better than they were 12 months ago for Phase Three obviously found reflection in the undertone which appeared to have discounted the Confederation of British Industry's report of little change in business confidence.

Without enjoying activity comparable to the previous day, secondary and situation stocks also maintained their firmness and the F.T.-Actuaries Industrial Group index attained its highest since compilation. The rises to falls ratio in all F.T.-quoted industrials widened from Monday's slightly better than evens to 11-to-4 yesterday, but the total number of bargains marked fell to 4,374 against the previous day's 5,045 and the week-ago 5,430.

Revived demand on both institutional and arbitrage account, connected mainly with business in Far Eastern and Australian shares, pushed rates for investment currency up to 101 per cent before a subsequent easing to 100¾ per cent for a net rise of ½. Yesterday's SE conversion factor was 0.6707 (0.6734).

For only the second time since dealings in Traded Options started on April 21, over 1,000 contracts were completed. Yesterday's total reached 1,090 only 159 fewer than the record figure recorded on July 18. Reflecting the activity in gold shares in the wake of the record bullion price, a brisk option business was transacted in Cons Gold and, at the close, 350 contracts had been done, 126 of them in the October 200 series, while the price of the January 200 series added 4 to 18p. Land Securities followed with 227, of which 179 were done in the October 240.

Publicity given to a couple of brokers' circulars directed attention to Composite Insurances and good gains were recorded throughout the list. Ahead of their respective interim statements next Monday and Wednesday, Commercial Union put on 7 to 157p and General Accident added 8 at 228p. Guardian Royal Exchange also firmed 8 to 238p as did Royals, to 386p, while Eagle Star improved 7 to 157p and Sun Alliance gained 10 to 546p. Elsewhere, Pearl rose 8 to 244p among Life issues.

Sterling Credit stood out at 32p, up 5, following the higher profits and proposed 30 per cent scrip-issue.

In Breweries, Greene King rose 12 to 295p in a thin market following Press comment.

Brown and Jackson featured a firm Building sector with a rise of 20 to 180p on speculative demand following the £1.1m acquisition of a 73 per cent stake in the privately-owned Tigner group. Elsewhere, Y. J. Lovell firmed 1½ to 91½p on news that Lovell and ICI are currently negotiating for the purchase by Lovell of Farrow Group, the housebuilding, plant hire and property development company. Gains of 4 were marked against Marshalls (Halifax), 124p, and Tunnel B, 392p, with Blue Circle, 265p, improving 5. Orme Developments were suspended at 50½p at the company's request pending the outcome of the Take-Over Panel's enquiries into recent controversial share dealings.

In a moderate turnover, ICI added a couple of pence to 392p. Fisons gained 12 to 374p aided by a bear squeeze.

Stores quietly firm

Among the quietly firm Store leaders, W. H. Smith A added 4 at 165p and Gussies A hardened 2 to 312p, after 314p. Bourne and Hollingsworth closed unchanged at the overnight level of 213p, awaiting further news of the bid discussions.

Electricals had a firmer inclination. Unitech rose 6 to 152p on the substantially increased earnings, while the optimistic tenor of the full report left Henry Wigfall 5 higher at 238p. Westinghouse closed a penny firmer at 38p, after 37p, on the profits forecast which accompanied the interim figures. Farnell Electronics attracted renewed interest in a limited market and finished 8 more to the good at 348p.

Buyers returned for the Engineering leaders and, with stock in short supply, closing gains stretched to 10. John Brown ended that much higher at a 1978 peak of 428p, while GKN and Tubes both finished 6 higher at 284p and 390p respectively. Hawker firmed 4 to 232p and Vickers edged forward 2 to 181p. Elsewhere, continuing to reflect recent investment comment, Ricardo put on 10 more to 227p for a rise over the past three days of 37. Further consideration of the record earnings lifted D. F. Bevan 3½ to 21p. Davy International were good again at 270p, up 8, and Victor Products revived with a rise of 7 at 157p. Wolseley Hughes gained 6 at 204p and improvements of around 4 were seen in Brickhouse Dudley, 53p, Hallite, 150p and Simon, 248p.

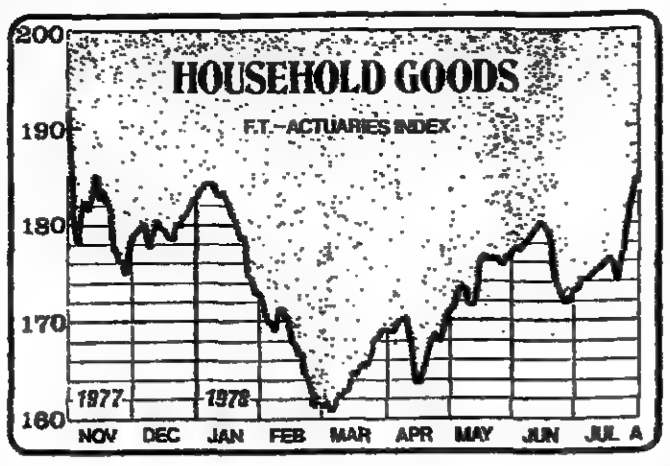
In Foods Barker and Dobson closed 1½ harder at 14p on a Press suggestion that the company is about to sell its Oakshotts grocery business, while further consideration of the German expansion plans lifted Associated Biscuit 3 to 79p. Goldrei Foucard were supported at 55p, up 3, while other firm spots included Lockwoods, 3 up at 105p, and Bishop's Stores "A," 6 better at 125p.

City Hotels came back into favour, rising 6 to 127p with the help of call-option business. De Vere held at 163p; Barclays Bank Staff Pension Fund has exercised its right to convert the fund's remaining holding of £500,000 8¼ per cent Convertible unsecured loan stock 1993.

Reed Int better

Investment interest in the miscellaneous Industrial leaders revived and prices closed at around their best levels of the day. Stock shortages helped to accentuate some gains. Beecham finished 10 better at 695p and Metal Box and Reckitt and Colman closed 4 dearer at 345p and 494p respectively. Reed International also added 4, to 149p, ahead of tomorrow's first-quarter figures. Pilkington, 592p, on the other hand, lost 10 of the previous day's gain of 17 which reflected demand ahead of the forthcoming 100 per cent scrip issue. De La Rue were notable for an advance of 13 to 413p on renewed investment support. Down 12 the previous day in reaction to the announcement that Newman Industries' bid had lapsed, Wood and Sons recovered 3 to 46p on hopes of a new offer. Dunbee-Combex added 7 at 158p as did Redfearn National Glass, to 209p. Far-Eastern and investment currency influences prompted a rise of 14 to 272p in Jardine Matheson and left Swire Pacific 6 higher at 156p. Profit-taking after recent strength saw Vinten fall to 139p initially before a late rally left a close of 108p, or 4 down on the day. Comment on the disappointing interim statement left Coral Leisure 2 off at 97p.

In Motors and Distributors, Lucas Industries closed 5 better at a 1978 peak of 323p; the litigation with Chloride concerning lead acid battery manufacture in the UK and Australia has been amicably settled. Arlington edged forward 2 to 135p on the good preliminary figures and property revaluation surplus.



Properties higher

Newspaper issues to make noteworthy progress in a good turnover included Daily Mail "A," 15 better at 358p and Associated, 4 up at 185p. Despite the continuing dispute at the Sun newspaper, News International found support and firmed 5 to 275p. Elsewhere W. N. Sharpe rose 12 to 202p on the impressive interim results.

Selected Properties were marked higher at the opening on hopes of a cut in Minimum Lending Rate and reports of higher earnings potential. Land Securities and MEPC held gains of 6 at 232p and 4 at 187p respectively, while Stock Conversion added 8 to 272p. Of the good quality secondary issues supported, United Real and Churchbury firmed 10 apiece to 270p and 310p respectively, with Chesterfield adding 13 to 335p. Hammerson "A," 385p, and Property and Reversionary "A," 307p, held gains of 10, while Great Portland finished 6 higher at 318p. Apex, 230p, Bernard Sunley, 238p, and A. J. Mucklow, 119p, all improved 5. Hales Properties rose 15 to 81p in response to the annual results. Property Partnerships were quoted ex-rights at 106p; a sizeable put-through was effected in the new nil paid shares which closed at 12p premium after 13p premium.

In line with the general market up-turn, Shell firmed 10 to 572p after a quite active trade. British Petroleum held a modest improvement of 4 at 830p. Burmah improved 2 to 69p. Neglected of late, British Borneo met a little demand and put on 6 to 138p.

Inchcape, a dull market of late, recovered 10 to 375p. Other firm Overseas Traders included Thomas Borthwick, 3 harder at 57p, and Great Northern, four points higher at £63.

New 1978 highs were common in Investment Trusts. New Throgmorton Capital stood out at 131p, up 7, ahead of publication of its net asset value at yesterday's date. In Financials, London Merchant Securities were active and 3 higher at a 1978 peak of 101p; the preliminary figures were announced on September 8 last year.

Highlands figured prominently in Plantations, closing 9 higher at 131p in the wake of Far Eastern demand.

Golds strong again

A bold early advance in the bullion price gave great strength to South African Golds although they eventually closed below the best. The Gold Mines Index, after a day's gain of 8.2 to 191.3, was at its highest since June 10, 1976.

The market was most active in the morning with intense buying from all quarters, including London. In the afternoon the bullion price showed a slightly easier tendency on profit-taking, although it closed a net $2.23 higher at $202.875 an ounce. The share market remained very firm.

Price rises were recorded throughout the list and new highs for the year were commonplace. Vaal Reefs gained ⅞ to £16⅝, while President Brand moved ½ higher to £10¼ and Libanon finished 40 up at 844p.

The strength of Golds spilled over into South African Financials, where Johannesburg Consolidated Investment extended Monday's rise by a further ½ to £14. De Beers traded actively, touching 402p at one stage before closing at 398p for a net gain of 9.

London Financials were subject to a mixture of influences. Consolidated Gold Fields, on the list of active stocks, drew strength from Golds and climbed to 201p before finishing at 198p for a gain of 4. Rio Tinto-Zinc, also active, hardened 4 to 232p in sympathy with the UK industrial market, and Selection Trust responded to news of its involvement in Australian diamond exploration venture, firming 8 to 442p, after 446p.

Platinums rose in sympathy with Golds, as Lydenburg and Rustenburg moved up 4 to 72p and 94p respectively. Bishopsgate advanced 5 to 95p.

Among Australians, Pancontinental were again strong, ½ higher at £15¼ after a rally in Sydney overnight, reflecting optimism about an early start to uranium mining.

Business in Coppers, Rhodesians and Tins was light, however. Saint Piran at 58p were unmoved by the suspension of Orme Developments, in which the company has built up a sizeable stake.

MONTHLY AVERAGES OF STOCK INDICES

	July	June	May	April
Financial Times				
Government Secs.	70.27	69.70	70.86	72.67
Fixed Interest	71.75	71.66	72.40	75.80
Industrial Ord.	472.5	466.1	475.6	450.8
Gold Mines	166.4	162.8	149.6	146.1
Dealings mkd.	4,613	4,671	5,221	4,930
F.T. Actuaries				
Indust. Grp.	211.88	208.27	209.91	199.62
500-Share	234.89	231.27	235.35	220.50
Financial Grp.	162.82	161.51	166.22	160.85
All-Share (673)	216.64	213.28	216.22	204.30
Red. Debs	56.92	57.36	57.78	58.66

	High	Low
Industrial Ord.	492.1 (28th)	462.0 (6th)
All-Share	224.85 (28th)	207.83 (6th)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	59	2	17
Corpns., Dom. and Foreign Bonds	3	—	61
Industrials	463	176	885
Financial and Prop.	281	22	211
Oils	13	1	20
Plantation	6	3	22
Mines	71	8	49
Recent Issues	14	1	26
Totals	930	207	1,291

FINANCIAL TIMES STOCK INDICES

	Aug. 1	July 31	July 28	July 27	July 26	July 25	A year ago
Government Secs.	70.78	70.61	70.74	70.79	70.86	71.07	68.80
Fixed Interest	72.43	72.38	72.25	72.21	72.21	72.35	68.71
Industrial Ordinary	495.5	489.4	492.1	488.8	482.0	485.4	451.9
Gold Mines	191.5	183.3	183.4	173.2	170.6	175.4	120.2
Ord. Div. Yield	5.38	5.45	5.41	5.45	5.51	5.47	5.57
Earnings Yld % (full)(*)	16.32	16.52	16.42	16.55	16.73	16.60	16.09
P/E Ratio (net)(*†)	8.18	8.09	8.13	8.08	7.99	8.08	9.03
Dealings marked	4,374	5,045	5,517	4,778	5,168	5,450	5,785
Equity turnover £m	—	65.11	101.71	76.18	63.98	84.37	65.87
Equity bargains total	—	17,792	19,416	16,463	16,556	18,857	13,793

10 am 493.7. 11 am 493.4. Noon 494.9. 1 pm 494.5. 2 pm 494.4. 3 pm 494.6.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=7.80.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (8/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	435.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	191.5 (1/8)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 1	July 31
—Daily		
Gilt-Edged	106.7	184.7
Industries	158.3	175.6
Speculative	55.3	42.5
Totals	99.6	114.8
5-day Average		
Gilt-Edged	153.2	164.8
Industrials	176.7	184.0
Speculative	41.0	40.3
Totals	113.3	118.2

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	14	392	+2	396	328
Selection Trust	25p	12	442	+8	446	315
Shell Transport	25p	12	572	+10	586	484
BP	£1	10	830	+4	896	720
Inchcape	£1	10	375	+10	445	350
Barclays Bank	£1	8	342	+2	358	296
Distillers	50p	8	197	+3	197	163
RTZ	25p	8	232	+4	234	164
BAT Inds.	25p	7	325	—	346	267
Boots	25p	7	222	+2	231	184
Commercial Union	25p	7	157	+7	159	138
GEC	25p	7	279	+3	279	233
GKN	£1	7	284	+6	286	248
Imperial Group	25p	7	84	+2	84	71½
Midland Bank	£1	7	358	+5	390	330

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	131	5	143	—	—	—	849p
BP	800	72	5	102	—	120	—	
BP	850	45	6	73	—	90	—	
BP	900	25	5	46	—	68	1	
Com. Union	140	21½	5	25	—	27	—	157p
Com. Union	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cons. Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell	600	15	19	52	10	40	—	14
Totals			795		353			

APPOINTMENTS

Unilever advisory director

Sir Eric Faulkner has accepted an invitation to become an advisory director of UNILEVER. Sir Eric joined Glyn Mills and Co in 1936 and held the chairmanship from 1963-68. He was chairman of Lloyds Bank from 1969-77 and is at present on the board of that bank and of Vickers. Sir Eric is also joint deputy chairman of Finance for Industry.

★

Mr. James B. Clark has joined the recently formed World Investment Banking Group at AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION as director of placement and has also become a director of Amex Bank. He was formerly managing director of Nesbitt Thomson and Co. Mr. Clark reports to Mr. Jeffrey S. Howles, chief operating executive of the World Investment Banking Group.

★

Mr. A. F. Mould has become financial director of BIRMID QUALCAST (FOUNDRIES).

★

Mr. Cedric Nimmo has been appointed to the Board and elected a vice-president of FIRST CHICAGO, the London-based merchant banking subsidiary of the First National Bank of Chicago.

★

Mr. S. H. F. Ahlers has been appointed a director and general manager of PYE THERMAL BONDERS in place of the late Mr. John Pound.

★

Mr. M. T. Field has been appointed to the Board of RANDALLS GROUP.

★

Mr. John Passant, secretary and accountant, has been made a director of the Dudley Port Rolling Mills. Mr. Peter Haselock has been appointed a director of Metalon Steels and remains general manager. Mr. Chris J. Deacy, works director, has become a director and general manager of Short Heath Works (Ductile Cold Mill and Ductile Hot Mill). The companies are members of the DUCTILE STEELS GROUP.

★

Mr. Ian Roberts, managing director of Wolfex Machine Company, has been appointed to the Board of HAMPTON GOLD MINING AREAS following the acquisition of Wolfex by Hampton.

★

Sir Michael Parsons, managing director of Inchcape and Co, has been appointed a non-executive director of FAIRBAIRN LAWSON.

Mr. Peter T. Swan has been named executive vice-president of KELLOGG INTERNATIONAL CORPORATION, an affiliate of Pullman Kellogg, both of Wembley (London), and of the Pullman Kellogg Division of Pullman Incorporated, Houston, U.S.

★

Mr. Oliver N. Dawson has been appointed a director of WARREN PLANTATION HOLDINGS.

★

The MINISTRY of AGRICULTURE has appointed Mr. Philip Rushton to be chief regional officer of its Northern Region and he will be based at Newcastle upon Tyne. Mr. Rushton succeeds Mr. Joseph Kerr, who is retiring from the Ministry's service.

★

Mr. Ian Graham has been appointed chief executive of BREVITT and Mr. Tom Dodd continues as chairman. Mr. Graham was managing director of Brevitt Shoes.

★

Mr. Tom Winfield has been appointed managing director of LIEBHERR-GREAT BRITAIN.

★

The British and Commonwealth Shipping Company states that Mr. G. F. Bedford will retire as managing director of CAYZER IRVINE AND CO on July 31 but he will remain on the board of the parent company. On the same date, Mr. G. B. Jones will relinquish his directorship of Cayzer Irvine, but will continue as a director of King Line until his retirement in October. Mr. E. R. Duggan will also retire as director of Cayzer Irvine on July 31, but will carry out special duties for the group.

From August 1, Cayzer Irvine ceases to manage the shipping interests of the B and C Group and this will be undertaken by Cayzer Irvine Shipping. Mr. J. E. Andreae has been appointed managing director of that concern and Mr. I. B. T. Galloway, deputy managing director. Mr. Andreae also joins the boards of each of the group's shipowning companies.

★

Mr. C. Howell has become chairman of DOLLOND AND AITCHISON GROUP and Dollond International. Mr. C. G. Stone has been made deputy chairman of Dollond and Aitchison Group and joins the Dollond International board together with Dott. G. Mangano (Italy) and Mr. H. A. Vallis. Mr. S. J. Rowland has been appointed a director of Wesley-Jessen (UK). Mr. Howell has also become chairman of Dollond and Aitchison Ltd., Wigmores, Dollond and Aitchison Services and Dollond and Aitchison (Property).

★

Mr. David Maitland has been appointed deputy chairman of SAVE AND PROSPER GROUP and continues as managing director.

★

Mr. E. L. Bell has been appointed a director of GRINDLAY BRANDTS, the merchant banking member of Grindlays Bank. He is responsible for the Latin America and Eurocurrency area of the Eurocurrency Department.

★

Mr. John Chadwick has been appointed operations director in the London office of PA INTERNATIONAL MANAGEMENT CONSULTANTS.

★

Mr. David Fitzwilliam-Lay and Mr. Benson H. Fung have been appointed to the Board of GT MANAGEMENT.

★

Mr. John Forsythe, senior joint chairman of WIGGLESWORTH AND CO., has retired. Mr. V. J. Landon and Mr. Albert E. Simons will be joint chairmen.

★

Mr. A. J. Brett has been appointed a director of BROWN AND TAWSE TUBES, a subsidiary of Brown and Tawse.

★

Mr. Christopher Hatton and Mr. David Pritchard-Barrett have joined the Board of JAMES SHIPSTONE AND SONS as chairman and deputy chairman, respectively.

Mr. Robert Combe continues as chief executive of that concern and has become a director of GREENALL WHITLEY AND COMPANY. The changes follow the merger of the companies.

★

Mr. B. E. Sargeant has retired as managing director of the MAERSK COMPANY and has been succeeded by Mr. Karsten Borch.

★

Mr. Richard Risby, sales manager of FIRST FRONT GARAGES, has been appointed a director of the company.

★

JOHN MOWLEM AND COMPANY has made the following changes: Mr. R. E. Tuckwell becomes general manager of the local companies division and is replaced by Mr. T. H. Robinson as managing director of E. Thomas and Company. Mr. A. R. Skerritt and Mr. G. Whetman join the Board of E. Thomas as full directors.

★

Mr. Roger Schofield has been appointed secretary of TOZER KEMSLEY AND MILLBOURN (HOLDINGS) in succession to Mr. Paul White, who has taken up new responsibilities as personal assistant to the chairman of the TKM Group. Mr. Schofield was formerly secretary of TKM International Trade Finance.

★

Mr. T. Broadhurst and Mr. R. C. Weston have been appointed directors of FIELDING JUGGINS MONEY AND STEWART, Lloyd's brokers.

★

Mr. Charles Godbold has been appointed a director of WINCHESTER BOWRING.

★

Mr. Jeremy Yates, at present chief executive of the Weekly Newspaper Advertising Bureau, is to become group marketing director of SCOTTISH AND UNIVERSAL NEWSPAPERS from November 1. He will also be chief executive of the newly acquired Eadon Newspaper Services.

★

Mr. W. F. Trump has been appointed an additional director of A. P. BURT AND SONS.

★

Mr. Frank Paterson has been appointed general manager of the Eastern Region of BRITISH RAIL and has been succeeded by Mr. Henry Sanderson as chief freight manager. Mr. J. G. Woodruff replaces Mr. Sanderson as director of public affairs.

★

Mr. R. W. Gray has been appointed to the main Board of T C HARRISON. He is a director of Peterborough Motors, a subsidiary.

★

Mr. P. D. H. Gadsden has joined the Board of LRC INTERNATIONAL as a non-executive director.

★

Mr. Bernard Atherton has been appointed divisional general manager of the management services department of BARCLAYS BANK.

★

Mr. V. D. Novikov has been appointed to the Board of MORFLOT INTERNATIONAL LINER AGENCY. Mr. J. A. Ross has resigned from the Board.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (313)
AMERICANS (2)
CANADIANS (1)
BEERS (1)
BUILDINGS (12)
CINEMAS (1)
DRAPERY AND STORES (12)
ELECTRICALS (7)
ENGINEERING (24)
FOODS (6)
HOTELS (3)
INDUSTRIALS (43)
INSURANCE (5)
MOTORS (4)
NEWSPAPERS (2)
PROPERTY (17)
SHOES (2)
SOUTH AFRICANS (1)
TEXTILES (3)
TOBACCOS (2)
TRUSTS (131)
OVERSEAS TRADERS (2)
TEAS (1)
MINES (30)

NEW LOWS (2)
ENGINEERING (1)
Braithwaite
INDUSTRIALS (1)
Wilson and Walton

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 7	Aug. 14	Oct. 26	Nov. 7
Aug. 15	Aug. 29	Nov. 9	Nov. 21
Aug. 30	Sep. 11	Nov. 23	Dec. 5

For rate indications see end of Share Information Service.

Money was given for the call in BP, Ellis and Goldstein, English Property, Thomson Organisation, Premier Consolidated Oil, Cons. Gold Fields, Burmah Oil, Hawtin, Siebens Oil (UK), Barker and Dobson, Compton Sons and Webb, Lee Cooper, and City Hotels. Puts were arranged in Burmah Oil and British Land. Short-dated calls were dealt in Smith Bros. and Marks and Spencer, while a double was transacted in Smith Bros.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
75	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	91	+1	[illegible]	[illegible]	7.5	4.9
55	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.9	6.7
‡‡	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	10¼	−1	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.5	15.4
85	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.8	6.3
115	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	141	+1	[illegible]	[illegible]	5.8	12.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Aug. 1, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Mon. July 31 Index No.	Fri. July 28 Index No.	Thurs. July 27 Index No.	Wed. July 26 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	228.10	+1.0	16.67	5.38	8.30	225.80	226.38	223.74	222.34	183.98
2	Building Materials (27)	209.16	+0.9	16.67	5.32	8.48	207.33	206.44	202.76	201.71	154.70
3	Contracting, Construction (27)	358.67	+1.0	19.38	4.14	7.50	355.26	357.81	353.89	353.03	254.12
4	Electricals (14)	483.07	+1.0	14.18	3.84	9.98	478.48	482.50	479.52	475.22	376.90
5	Engineering Contractors (14)	336.51	+1.4	17.83	6.24	7.47	331.95	332.91	327.84	328.21	268.11
6	Mechanical Engineering (72)	183.96	+1.1	17.77	5.85	7.54	182.04	182.12	180.12	179.01	161.66
8	Metals and Metal Forming (16)	172.74	+1.1	16.55	8.15	8.24	170.78	171.08	168.67	167.15	149.35
11	CONSUMER GOODS (DURABLE) (52)	208.10	+0.5	16.63	5.06	8.41	207.14	207.45	205.37	204.22	171.59
12	Lt. Electronics, Radio TV (15)	249.02	+0.5	15.01	4.09	9.37	247.88	248.55	245.18	243.85	200.17
13	Household Goods (12)	184.71	+0.3	16.05	6.15	8.57	184.11	184.66	183.04	183.02	153.45
14	Motors and Distributors (25)	128.77	+0.5	19.32	6.29	7.22	128.13	128.03	127.41	126.50	110.10
21	CONSUMER GOODS (NON-DURABLE) (173)	213.96	+0.9	15.21	5.61	8.88	212.15	213.22	210.97	209.63	171.67
22	Breweries (14)	236.18	+1.6	14.74	5.76	9.35	232.54	233.37	230.65	229.23	179.69
23	Wines and Spirits (6)	277.71	+0.9	15.41	5.21	9.84	275.37	277.74	272.45	271.42	204.19
24	Entertainment, Catering (17)	264.10	+0.5	14.89	6.57	9.92	262.80	263.95	261.87	257.94	212.84
25	Food Manufacturing (21)	202.11	+0.6	18.69	5.48	7.07	200.90	201.75	200.51	200.35	175.26
26	Food Retailing (15)	222.28	+0.6	13.68	4.65	10.15	220.98	221.18	218.43	216.36	178.34
32	Newspapers, Publishing (13)	410.72	+0.8	9.81	3.05	14.55	407.28	409.13	408.99	407.65	303.01
33	Packaging and Paper (15)	141.28	+1.5	18.42	7.51	7.14	139.21	140.81	138.33	136.63	118.46
34	Stores (40)	201.07	+0.6	10.70	4.48	13.74	199.79	200.88	198.77	195.97	153.09
35	Textiles (25)	181.72	+1.4	18.26	7.62	7.10	179.15	180.71	179.09	177.51	157.26
36	Tobaccos (3)	255.15	+0.8	21.50	7.34	5.49	253.11	254.11	252.05	252.05	228.22
37	Toys and Games (6)	112.68	+1.9	18.54	5.67	6.56	110.60	110.84	109.71	110.36	101.97
41	OTHER GROUPS (98)	207.84	+0.8	15.45	5.57	8.47	206.20	206.61	204.86	202.90	181.45
42	Chemicals (19)	294.16	+0.7	16.79	5.94	8.09	292.16	293.05	292.25	288.90	253.86
43	Pharmaceutical Products (7)	270.99	+1.0	10.67	3.78	11.66	268.34	268.86	267.59	265.89	[illegible]
44	Office Equipment (6)	134.33	+0.5	17.84	5.66	6.64	133.71	134.43	132.73	129.57	106.90
45	Shipping (10)	420.76	+0.3	17.18	7.28	7.17	419.61	417.36	415.99	417.25	482.82
46	Miscellaneous (56)	221.52	+0.9	16.25	5.98	8.20	219.44	219.78	215.97	214.02	188.56
49	INDUSTRIAL GROUP (495)	222.76	+0.9	15.73	5.51	8.60	220.88	221.64	219.36	217.80	183.44
51	Oils (5)	493.75	+1.1	14.94	4.00	7.26	488.37	491.36	492.46	492.73	501.72
59	500 SHARE INDEX	245.58	+0.9	15.61	5.29	8.37	243.34	244.27	242.21	240.76	209.13
61	FINANCIAL GROUP (100)	171.10	+1.8	—	5.61	—	168.15	168.54	168.20	167.13	137.27
62	Banks (6)	187.80	+0.8	24.89	6.23	6.03	186.35	187.76	190.10	187.15	153.46
63	Discount Houses (10)	210.64	+0.3	—	8.21	—	209.93	210.15	207.49	206.41	174.69
64	Hire Purchase (5)	155.86	—	12.67	5.29	11.67	155.86	157.78	155.98	156.68	133.11
65	Insurance (Life) (10)	145.61	+2.3	—	6.25	—	142.37	142.47	141.63	140.84	104.79
66	Insurance (Composite) (7)	133.86	+3.3	—	6.37	—	129.60	129.49	129.22	128.91	110.72
67	Insurance Brokers (10)	355.36	+0.8	13.25	4.42	10.81	352.65	351.93	349.14	348.50	304.70
68	Merchant Banks (14)	80.33	−0.1	—	6.09	—	80.43	80.32	79.95	79.96	67.08
69	Property (31)	252.58	+2.3	2.83	2.96	69.64	246.79	247.30	243.13	241.89	189.24
70	Miscellaneous (7)	109.09	+0.1	23.27	7.66	5.59	108.93	109.06	108.83	109.01	90.88
71	Investment Trusts (50)	230.28	+1.2	3.02	4.45	33.15	227.47	226.49	224.64	225.24	172.51
81	Mining Finance (4)	106.84	+1.9	16.51	6.51	7.37	104.87	104.41	101.18	101.18	93.25
91	Overseas Traders (19)	320.69	+0.9	16.67	6.99	7.38	317.93	319.31	320.66	324.23	273.79
99	ALL-SHARE INDEX (673)	226.55	+1.1	—	5.36	—	224.17	224.85	223.16	222.01	190.27

FIXED INTEREST PRICE INDICES

	British Government	Tues. Aug. 1	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.74	+0.09	—	5.16
2	5-15 years	114.06	+0.19	—	7.74
3	Over 15 years	122.16	+0.27	—	8.21
4	Irredeemables	127.58	+0.43	—	7.24
5	All stocks	113.68	+0.19	—	6.66

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Tues. Aug. 1	Mon. July 31	Year ago (approx.)
1	Low Coupons	5 years	8.66	8.66	[illegible]
2		15 years	10.85	10.88	[illegible]
3		25 years	11.58	11.62	[illegible]
4	Medium Coupons	5 years	11.04	11.03	[illegible]
5		15 years	12.05	12.08	[illegible]
6		25 years	12.11	12.20	[illegible]
7	High Coupons	5 years	11.44	11.46	[illegible]
8		15 years	12.58	12.58	[illegible]
9		25 years	12.61	12.64	[illegible]
10	Irredeemables		11.59	11.63	[illegible]

		Tues., August 1 Index No.	Yield %	Monday July 31	Friday July 28	Thurs. July 27	Wed. July 26	Tuesday July 25	Monday July 24	Friday July 21	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.81	12.97	57.32	57.22	57.17	57.17	57.16	57.00	56.91	[illegible]
16	Investment Trust Prefs. (15)	51.60	13.64	51.60	51.80	51.80	51.60	51.60	50.82	50.82	[illegible]
17	Coml. and Indl. Prefs. (20)	70.16	13.21	70.12	70.08	70.00	70.01	69.94	69.78	69.80	[illegible]

* Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

INSURANCE, PROPERTY BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

NOTES

Prices do not include $ premium, except where indicated ✝, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. e To-day's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ⊕ Net of tax on realised capital gains unless indicated by ◆. ‡ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 494-499

INSURANCE BASE RATES

† Property Growth 10½%
‡ Vanbrugh Guaranteed 9.20%
† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	......	—	—
40	33	Do. 5pc Pref.	40	......	—	—
98	98	Chilean Mixed	98	......	—	£3.10
415	350	German Yng. 4½pc.	410	......	4½	—
54	46	Greek 7pc Ass.	54	......	3½	£6.48
51	46	Do. 6pc 28 Stab. Ass.	51	......	6	£6.00
44	40	Do. 4pc Mixed Ass.	43	......	4	£4.65

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 48⅜% (based on U.S.$1.9320 per £)
Conversion factor 0.6707 (0.6764)

CANADIANS

[illegible]

S.E. List Premium 48⅜% (based on $2.1960 per £)

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

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INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

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PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

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SHIPPING

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SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	166	+1	Q50c	1.3	25.7
24	15	Rhod'n Corp. 16½p.	16	......	0.57	7.1	5.3
80	52	Roan Cons. K4	67	......	—	—	—
175	122	Tanganyika 50p	165	......	Q10.0	1.2	6.1
90	78	Do. Pref. 80p	87	......	Q9½c	16.3	8.3
41	32	Wankie Col. Rh1	35	−1	tQ7½c	2.4	18.3
16½	10	Zam.Cpr.SBD0.24	13	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
15	10	[illegible]	14		—	—	—
135	64	[illegible]	135	+2	Q6c	1.4	3.7
125	63	[illegible]	112	+1	—	—	—
820	150	[illegible]	600		—	—	—
258	145	[illegible]	252	−4	Q10c	2.2	2.5
72	35	[illegible]	62		—	—	—
60	28	[illegible]	58	−2	—	—	
140	81	[illegible]	134		t5.55	2.0	4.0
40	19	[illegible]	30		—	—	
220	125	[illegible]	202	+2	Q9c	1.7	2.8
39	10	[illegible]	29		—	—	
6¼	1½	[illegible]	4		—	—	
143	76	North B. Hill 50c	123	+1	Q8c	1.5	4.0
16½	8½	[illegible]	16½	+1½	—	—	—
44	12	Nth West Mining	40	−4	—	—	—
178	117	[illegible]	172		tQ11c	1.9	4.0
54	30	Pacific Copper	54		—	—	—
£15¼	750	[illegible]	£15¼	+¼	—	—	—
40	12	[illegible]	29½	−½	—	—	—
543	310	[illegible]	538	−2	Q15c	4.0	1.7
300	50	Southern Pacific	250		—	—	—
160	64	Western Mining 50c	142	+3	‡Q6c	1.4	‡
70	35	Whim Creek 20c	50		—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	24	......	2.55	1.6	15.9
400	240	Ayer Hitam SM1	355		[illegible]	0.9	‡
60	45	Beralt Tin	52	....	3.81	4.4	11.5
300	200	Berjuntai SM1	272xd		Q110c	ϕ	8.7
145	111	Geevor	130		5.07	ϕ	6.0
10	8½	[illegible]	9½	....	—	—	—
300	220	Gopeng Cons.	290		15.23	0.9	7.9
165	130	Hongkong	160		—	—	—
93	78	Idris 10p	85xd		‡12.0	1.6	‡
11	9	[illegible]	9		—	—	—
77	68	Kamunting SM0.50	74		‡Q15.5c	0.7	4.5
510	450	Killinghall	470		Q125	ϕ	26.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
100	70	Messina R0.50	86	......	tQ30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
61	35	Barymin	52	+1	—	—	—
17	9	Burma Mines 17½p.	14	......	—	—	—
300	215	Cons. Murch. 10c	230	......	‡Q30c	2.6	‡
465	245	Northgate C$1	380	−5	—	—	—
234	164	R.T.Z.	232	+4	9.64	2.8	6.2
90	30	Sabina Inds. C$1	54	......	—	—	—
£12	750	Tara Exploration $1	875	+13	—	—	—
45	43	Tehidy Minerals 10p	45	......	1.35	ϕ	4.5
180	120	Yukon Cons. C$1	173	......	Q7c	2.9	1.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent, and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ● Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ● Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 22

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	24	
Ash Spinning	44	
Bertam	21	
Bdgwtr. Est. 50p	305	+10
Clover Croft	26	
Craig & Rose £1	480	
Dyson (R. A.) A	38	
Ellis & McHdy	61	
Evered	16½	
Fife Forge	50	
Finlay Pkg. 5p	23	
Grate Ship £1	125	
Higsons Brew.	77	
I.O.M. Stm. £1	155	
Holt (Jos.) 25p	263	
Nthn. Goldsmith	57	
Pearce (C. H.)	182	
Peel Mills	20	
Sheffield Brick	46	−1
Shelf Refr'hmt	58xd	......
Sindall (Wm.)	105	......

IRISH

Conv 9% '80/82	£92⅞	......
Alliance Gas	66	......
Arnott	354	......
Carroll (P.J.)	106	+1
Clondalkin	106	......
Concrete Prods.	145	......
Helton (Hldgs.)	55	......
Ins. Corp.	160	......
Irish Ropes	135	......
Jacob	67	......
Sunbeam	32	......
T.M.G.	195	−6
Unidare	95	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lots"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mums"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr.	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	[illegible]	[illegible]
Guardian	16	Reed Intnl.	12	[illegible]	[illegible]
G.K.N.	22	Spillers	3	[illegible]	[illegible]
[illegible]	[illegible]	Tesco	4	[illegible]	[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday August 2 1978

PLAN TO RUSH BILL THROUGH BEFORE RECESS

Aid for Italy's ailing industry

BY PAUL BETTS

ROME, August 1.

A RESCUE PLAN for Italy's ailing large enterprises was approved by Sig. Giulio Andreotti's minority Government tonight. It involves the appointment of special commissioners to take temporary control of companies crippled by accumulated debts and mounting losses.

In a Bill—which Sig. Carlo *Donat Cattin, the Industry* Minister, said would be rushed through Parliament before the summer recess—the Government proposes to suspend liquidation proceedings threat*ening a number of major com*panies. The Bill is directed especially at the troubled chemical sector, which is now facing its worst ever crisis.

The special commissioners, *backed by a committee of* creditors, are to take interim control of financially troubled groups to evaluate their longer term prospects, pay off their debts, and formulate a recovery programme. Bankruptcy proceedings would be initiated against companies where no financial recovery and reconstruction programme was possible.

After a Cabinet meeting tonight, the Government said it could nominate a special commissioner if no other rescue plans were forthcoming from the creditors of a troubled company or the banking system. The alternatives to bailing out a troubled group included the setting up of consortiums involving banks or *companies quoted on the* bourse, to formulate a financial recovery programme

The Bill applied to companies with more than Lire 50bn (£30m) in accumulated *debts, and which no longer* appeared in a position to pay their salaries and other commitments.

The Industry Minister said the Bill was particularly aimed at resolving the dire problems of two major chemical groups, Liquichimica and Societa Italiana Resine, now both on the verge of bankruptcy. The collapse of the two companies would provoke serious political and labour repercussions, especially in the depressed south of the country where the two companies have concentrated their investments.

Societa Italiana Resine announced at the weekend that it was no longer able to pay its July salaries, while some executives of Liquigas—the *Liquichimica parent company* —have been arrested on alleged corruption charges. This has exacerbated the problems of the group.

According to Sig. Tommaso *Morlino, the Budget Minister,* the purpose of the Bill was to guarantee continued employment, and production, as well as initiate financial recovery programmes for individual groups. In turn, the firms would eventually form part of the much-debated and long-awaited overall industrial reconstruction programme.

For his part, Sig. Andreotti, is now seeking to win all party approval for his Government's proposed three-year economic programme and the 1979 budget, whose broad outlines are to be presented to the main political forces on Thursday.

There is still considerable controversy, however, between the various political parties, the trade unions and the employers' confederation over the Government's economic proposals. These are understood to include the reduction of the public sector borrowing requirement through a reform *of the pension and health* system, new indirect taxation, and provisions for new job creating investments.

An industry at breaking point Page 2

Chrysler peace formula reached

By Nick Garnett, Labour Staff

A FORMULA for settling the paint shop dispute at Chrysler's Linwood plant which has led to the lost production of 6,300 cars was worked out yesterday in tough day-long talks between management and senior union officials.

The formula, with national officers' recommendations for acceptance will be presented to shop stewards today and a mass meeting called on Friday.

Mr. Grenville Hawley, the national automotive secretary of the Transport and General Workers' Union said union negotiators would recommend the formula as a basis for the resumption of work on Monday, the end of the plant's three-week summer holiday. "We've got what could be a settlement," he said.

Speculation

The dispute which led to speculation about Chrysler's continued operations in Scotland and would have resulted in about 5,000 lay-offs next week followed *management* attempts to speed up production by new ways of determining temperatures in the hottest part of the paint shop.

About 550 paint shop workers have been resisting attempts to change rest breaks in these areas.

Mr. Hawley said the formula had resulted from initiatives by both union and management officials. The issue was solely about heat relief breaks : t he would not say if changes in temperatures at which rest breaks are automatically triggered was part of the formula.

After the talks at the Department of Industry, Mr. Peter *Griffiths, the company's deputy* managing director, said management was satisfied with the formula and was hopeful that it would lead to a settlement.

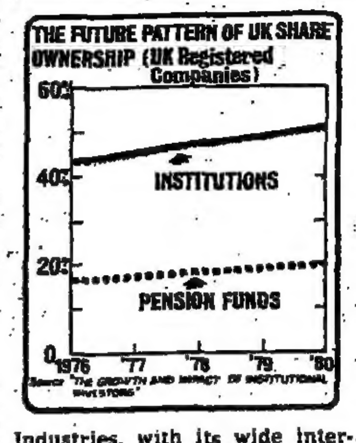
THE LEX COLUMN

Component makers feel the pinch

Nobody is going to be killed in the rush of applications for the new long tap this morning. At last night's prices, it looked as though the institutions need be in no great rush to buy. However the market has held up quite well since the issue was announced, and the way things are going the tap could be trickling away in the next few weeks.

Meanwhile the equity market is still holding its breath. The FT-Actuaries Industrial Group *made a new all-time high yes*terday, and the All-Share is poised to do the same.

Index rose 6.1 to 495.5



Associated Eng.

Although passenger car sales rose by nearly a quarter in the first half of this year, some of the big component manufacturers are still experiencing very sluggish business conditions. Back in January, Associated Engineering suggested that profits in the year to September would show a satisfactory increase over the £32.5m pre-tax of 1976-77. By May, the less ambitious hope was that the seasonally more important second half would show some improvement on the *£15m reported for the first six* months. And now, in the formal offer for Fluidrive, it says that the outcome will be between £28m and £30m.

Special costs explain part of the shortfall. A strike took around £1m out of the first half figures, and the current six months bears £1.2m of redundancy and early retirement costs. Over the past few months 700 or 800 jobs have disappeared across the group, out of a total UK workforce of 24,000 or so.

Explanations for the redundancies include continued flat demand on the capital goods side; especially for marine engine applications. The motor manufacturers' offtake has also been dull: despite the big rise in registrations, UK car production only rose by 3 per cent in the six months to June. And the plunge in tractor production has been a painful blow: agricultural machinery takes about 6 per cent of AE's sales in the UK, and as much as a third of its diesel equipment.

The outlook for turbine components is good, fuelled by higher demand for the aerospace industry, and AE is also *confident* about the prospects for its replacement business, which accounts for over a third of worldwide sales. But for the moment, analysts are looking *elsewhere for the growth pros*pects in components. Lucas Industries, with its wide international base, may just about have maintained its profits in the year just ended after a strike-hit *first half*, and should be moving ahead strongly this year. Hence the strength of its shares in recent months.

Giant institutions

Institutional investors do not concentrate their equity holdings in big companies, and their investment performance is unexciting. Unit trusts in particular have underperformed, given their level of risk. These are some of the controversial conclusions of a new book, "The Growth and Impact of Institutional Investors," due to be published next week. It comes at a particularly sensitive time for the City, just ahead of an election and at a time when the Wilson Committee has started to scrutinise regulation of financial institutions.

The most important conclusion is that the eventual ownership of British industry by insurance companies and pension funds seems inevitable. The *lowest estimate is that by he* year 2000 institutional share ownership will amount to 69 per cent of all UK quoted equities, but the figure could be as high *as 84 per cent. Such a situa*tion would allow the Government to take much greater control over industry, simply by nationalising insurance com*panies and taking over pension* funds, the authors warn.

The findings on portfolio concentration are at variance with evidence submitted to the *Wilson Committee by the* National Association of Pension Funds, which spoke of the tendency for funds to concentrate their attention on the top 200 companies. The researchers find that investment trusts own a higher proportion of second line stocks than of the top 30 companies and that insurance companies do not own a higher proportion of the top 30 than of other equities.

The writers, Professor Richard Briston from Strathclyde University and Mr. Richard Dobbins from the Bradford Management Centre, have little time for old-fashioned notions of shareholder control. Their view is that the separation of ownership by shareholders from control by professional managers has resulted in a situation "in which the mechanism by which directors are supposed to be appointed and removed simply does not operate." They also find that in general the institutions have so far avoided the opportunity to fill this gap.

This will tend to change with *time*. But *first* the institutions will have to become more accountable themselves: ". . . they have power with virtually no responsibility. Not only is their own managerial expertise unproven but also they are rarely answerable to their own investors." The appropriate *disclosure yardstick, suggest* Briston and Dobbins, should be the same as that for quoted companies.

Direction of investment is *another important* issue raised in the book. "There is no evidence to suggest the new issues market will become a major source of future finance for companies. It appears the firms must look to retained earnings, the Government, and financial institutions." The latter could help, they propose, by having a proportion of their new funds channelled directly into industry.

The book collects together most of current thinking about the financial institutions, and raises questions about their future role. Its drawback is its own admission that much research still remains to be done in many of the areas on which it expresses views. For instance it would have been useful to have had some discussion of the possible consequences of withdrawing some of the favourable tax concessions already enjoyed by British savings institutions. And the potentially dire implications of Government directed investment are not thought through.

* *The Growth and Impact of Institutional Investors. R. J. Briston and R. Dobbins. Institute of Chartered Accountants in England and Wales, Moorgate Place, London, EC2.*

Sun rivals print extra 2m a day as strike goes on

By Christian Tyler, Labour Editor

FLEET STREET'S popular dailies are believed to be printing well over 2m extra copies a night to cash in on the stoppage of the Sun, now in its ninth day.

The potential extra sale is considerable, since the Sun recently passed the Daily Mirror to become the biggest seller with a circulation of *more than* 4m.

Last night the Daily Express said it had increased its normal run of about 2.5m copies to 3m or more.

Other papers were guarded. Mr. David English, editor of the Daily Mail, refused to comment on a report that it was running an extra 400,000. The Daily Mirror, which normally prints *just short of 4m copies, said it* was adding "an adequate number."

It was reported that the Mirror is putting on an extra 1m copies a night.

The Sun, smarting under this extra blow, is losing revenue at the rate of £150,000 a day and is having to meet fixed costs of between £500,000 and £750,000 a week.

Sun journalists, who are in dispute over a productivity claim of 12½ per cent on top of a 10 per cent stage three pay rise, voted again yesterday to stay out another day after the breakdown on Monday of talks at the Advisory, Conciliation and Arbitration Service.

They are insisting that the management comes forward with *a cash offer* related to productivity. The Sun says there cannot be an offer until negotiations resume after a return to work. The 224 journalists were told last week they had dis*missed themselves by breach of* contract.

The Newspaper Publishers' Association said last night there had been a clear breach of agreements signed on behalf of the members of the National Union of Journalists.

An NPA council statement said the NUJ had declared as a matter of principle that members should honour the disputes procedure. It added that there had been a clear breach of that principle by the Sun journalists.

● In another Fleet Street journalists' dispute, union members at the Press Association, the national news agency, decided to suspend sanctions until Monday while they and the management consider reports on possible productivity schemes.

Both sides have engaged consultants to investigate the possibility of payments which would be acceptable to the Department of Employment. So far, the consultants appear to be at loggerheads over whether a scheme is workable

Even more unusually, the journalists have hired a public relations firm to put over their case.

ICI moves to stave off bids for Vinatex

BY KEVIN DONE, CHEMICALS CORRESPONDENT

IMPERIAL Chemical Industries is understood to have offered Vinatex, the small UK plastics *producer, access to its polyvinyl* chloride technology in an attempt to stave off bids for the company by two major Continental chemical groups.

It was partly concern over the possible loss of Vinatex as a customer that led ICI to suspend building on its £80m vinyl chloride monomer plant at Wilton, Teesside, the company said yesterday.

Vinyl Chloride Monomer is the raw material for the manufacture of polyvinyl chloride, one of the most important basic plastics.

ICI has been building a 150,000-tonnes-a-year VCM plant at Wilton for more than a year. It admitted earlier this week that building had been stopped because of doubts about the project's commercial viability.

This uncertainty, evident for some time, has been reinforced by the news that Norsk Hydro and DSM, the Dutch state chemicals group, are front *runners in the bid to buy a 50* per cent shareholding in Vinatex.

Both Norsk Hydro and DSM are seeking new market outlets for their own surplus VCM capacity. Vinatex represents an obvious way of acquiring a captive customer in the British PVC market.

Norsk Hydro has recently brought on stream a 300,000-tonne-a-year VCM plant at Bamble in southern Norway. It has failed in a bid to build a PVC *plant in Denmark, and is there*fore anxious to find other customers.

The Vinatex issue has arisen because of the decision by Continental Oil of the U.S. to sell its chemical interests *in the U.K.* Purchasers are being sought for its 50 per cent interest in Vinatex and its 10 per cent share in Staveley Chemicals.

Joint venture

Staveley Chemicals is a joint venture owned with the National Coal Board (45 per cent) and the British Steel Corporation (45 per cent). It owns the other half of Vinatex.

The NCB in particular is keen to hold on to its position in Vinatex and is seeking a partner that would be committed to carrying through the planned doubling of Vinatex's PVC capacity to 120,000 tonnes a year. This would appear to block an ICI bid for full control of *Vinatex.*

ICI is understood to be unlikely to bid directly against Norsk Hydro or DSM for the half share, which would give it a major stake in a company competing with it directly in the PVC market.

It is believed to have offered its PVC technology to the British partners, the Coal Board and British Steel, on condition that they counter the bids of its Continental competitors.

Rio Tinto-Zinc was disclosed yesterday as another party which has had exploratory talks with Conoco, but it is unlikely to be preferred to Norsk Hydro and DSM.

The trade unions in the chemical industry have applied pressure to the Government to involve other State interests.

The General and Municipal Workers' Union and the Association of Scientific, Technical and Managerial Staffs have written to Lord Kearton, chairman of the British National Oil Corporation, Sir Leslie Murphy, chair*man of the National Enterprise* Board, and Mr. Donald Davison, managing director of NCB (Coal Products), calling for intervention in the deal by UK State companies, in preference to bids from overseas State interests.

DSM is fully State-owned and Norsk Hydro has a partial State shareholding.

Commenting on ICI's decision *to suspend* building of its VCM plant, Mr. Roger Lyons, national chemicals officer for ASTMS, said it exposed the hollowness of ICI's parallel investment strategy in the UK and overseas.

"*By halting construction with*out consultation with union officials they have exposed the weakness of their consultative machinery."

Agreement expected on Belfast car plant

By David Freud

A FINAL agreement on the siting of a sports car assembly plant in Northern Ireland is thought to be imminent.

The DeLorean Motor Company, headed by Mr. John De Lorean, a former General Motors executive, who is based in Michigan, has been investigating the prospects of setting up in both Puerto Rico and Belfast.

However, Puerto Rico authorities said on Monday that the U.S. had signed an undertaking to build in Northern Ireland. Mr. Roy Mason, Northern Ireland Secretary, may formally announce the project, which will provide 2,000 jobs, tomorrow, *but there are still thought to* be some hurdles to be cleared before the announcement can be made.

The plant is earmarked for Dunmurray near the pre*dominantly Roman* Catholic housing estates of West Belfast, where unemployment rates are among the worst in the UK at about 30 per cent.

Decisions

It will be the biggest single project—in terms of jobs—brought to the province since early 1970 and follows decisions by three U.S. manufacturers to set up in Ulster in the last five months.

The public cost will be high. The Government will have to pay up to £30,000 for each job—a total of up to £60m—while the U.S. company's investment is not likely to exceed £10,000 per worker.

The Government support per job is considerably higher than the £10,000 to £12,000 level obtained by General Motors which recently announced a 600-job plant, to manufacture seatbelts in Protestant East Belfast, where the unemployment is relatively low.

Grants

Grants from the Ulster Department of Commerce to DeLorean are expected to total £40m. The other £20m would come from the Northern Ireland Development Agency and a little over £20m from DeLorean itself and private backers.

On the surface, the option of Puerto Rico, where unemployment is also at about 30 per cent level, was nothing like as attractive to the company. Most of the £30m support offered by the *local and U.S. Governments* was in the form of loans.

Mr. Delorean, whose surprise decision in favour of Ulster has outraged both U.S. business and Government, was still not available for comment yesterday.

In Washington the U.S. department of commerce, which helped put together $60m in loan guarantees and grants to entice Mr. DeLorean to Puerto Rico, claimed that he had failed to raise the $25m necessary to complete the financial package by the July 31 deadline.

This was to have been the *equity contribution from his* limited partnership.

Pinchin Denny to have £1m backing in gilt-edged market

BY MARGARET REID

PINCHIN DENNY, the large Stock Exchange jobbing partnership, is to receive cash backing of more than £1m from a group of five institutional investors for its long-planned move into the gilt-edged market.

The five, County Bank; Stockholders Investment Trust; London Trust; Outwich Investment Trust; and Witan Investment, are forming a company called Dipden. This will become an external limited partner in Pinchin, and will be the channel for the capital injection.

It is believed that Dipden will in return obtain a substantial participation, though certainly of less than 50 per cent., in the profits of Pinchin, which is to remain a partnership. The arrangements for raising of additional funds have been made by the stockbrokers Cazenove and County Bank.

Pinchin will become the third of the large jobbers to deal in gilt-edged, when it enters that market—where the great bulk of stock market turnover takes place—on September 1. The *others are Wedd Durlacher and* Akroyd and Smithers.

Four smaller jobbing concerns, including Wilson and Watford and Wedd and Owen, also deal in gilts.

*Mr. Mark Nickerson, a mem*ber of Pinchin's management committee, will preside over the gilt-edged operation, and Mr. Gordon Forsyth, who is moving over from the stockbrokers Laurie Millbanks, will be the chief dealer in gilts.

Mr. Val Powell, Pinchin's senior partner, said last night *that the arrangements for back*ing the new venture showed how well the City responded to the needs of an unusual new risk enterprise.

Pinchin at present deals in a wide range of equity shares and prior charge stocks, including debentures.

"If we succeed in this new venture, we shall be better *placed* to make a showing in equities. You need a firm gilt-edged base to operate in the volatile equity market," Mr. Powell said.

Rhodesia attack explained

BY TONY HAWKINS

SALISBURY, August 1.

THE ARRIVAL of three regiments of Tanzanian-trained nationalist guerrillas in Mozambique in preparation for major strikes into Rhodesia was the *main reason for Rhodesia's latest* preemptive attacks into Mozambique, Lieutenant-General Peter Walls, chief of combined operations said tonight.

Gen. Walls said 2,700 guerrillas *were poised in Mozambique* ready to infiltrate Rhodesia. He declined to give details of casualties in a weekend raid saying that it was not wise to discuss numbers killed. But he confirmed that the raids had a set objective and that it had been successfully achieved. An earlier communique said 10 guerrilla bases of the Patriotic Front's ZANLA wing *had been neutralised.*

The General said that several groups of guerrillas had now changed sides and were policing areas of the country under Transitional Government supervision. *He said these former terrorists,* now turned pro-government, as virtually auxiliary forces of the Government.

GEN. Walls rejected as nonsense a Mozambique claim that Rhodesian troops had destroyed a school. "We have no quarrel with school children or civilians."

The main purpose of the raid had not been to kill as many people as possible but to disrupt the set-up and cause fear among those planning new operations against Rhodesia. "We wanted to convince them that wherever they were, we would hit them."

Gen. Walls confirmed that the town of Gondola, about 100 miles east of the Rhodesian border, *had been one of the bases* attacked. It was a major guerrilla training base and leaders were congregated there, he said.

Some guerrilla leaders had recently left Rhodesia for fresh instructions on how to disrupt the ceasefire and these leaders were to have led the 2,700 trained guerrillas from Mozam*bique into Rhodesia in* three regiments of 900 men each.

Gen. Walls said the strikes had been carried out within the framework specified by the Executive Council of Mr. Ian Smith, Bishop Abel Muzorewa, the Rev. Ndabaningi Sithole and Chief Chirau.

● The Rhodesian Government tonight said 9,423 people have died in five and a half years of fighting since December 1972.

Continued from Page 1

Gold

the previous day. Against the Swiss currency, it reached a record low of SwFr 1.71, closing at SwFr 1.7275 against SwFr 1.7345 on Monday.

Sterling slipped during the day, ending slightly above its worst levels at $1.9270 for a fall of 45 points. The pound was also weaker against other leading currencies and its weighted index *fell to 62.3 against 62.5.*

Robert Wood writes from Tokyo: A car stereo maker which grew rapidly until last year has gone bankrupt under the impact of the higher yen. The company, Kansai Tsushin Kogyo, is thought to have been exporting entirely in dollar terms, and to have been taking the exchange risk itself.

Its sales in 1976 were Y4.55bn (£12.5m) and its profits were Y65m. But the yen rise caused it to accumulate a deficit of Y1.9bn. Now it has been placed under bankruptcy trusteeship at the District Court in Kyoto, where the company is located.

Continued from Page 1

No green light–CBI

sales, suggested by official statistics, having an impact on manufacturing industry. This was a big improvement in the *number of orders* already received, and expected in the near future, by companies producing electrical consumer goods. The paper, publishing, and paper products industry also stood out as an area expecting better times

The sign of growing confidence in small businesses emerged from a question in the survey on employment plans. It showed that whereas about a fifth of companies with fewer than 200 employees expected to increase their labour forces, only 12 per cent of those with more than 5,000 employees intended to do so.

In addition only 10 per cent of the small firms expected to shed labour in the next four months compared with 39 per cent of the large concerns.

The confederation's survey in Scotland also showed that small companies were the most optimistic about prospects both for exports and for expanding labour forces.

Weather

UK TODAY

SOME RAIN in most areas.

London, E. Cent. N, Cent. S, SW, SE England, E Anglia, Midlands, S Wales, Channel Isles
Sunny intervals, outbreaks of rain. Max. 21C (70F).

N Wales, NE, NW England
Sunny intervals, showers. Max. 19C (66F).

Isle of Man, Borders, Edinburgh, *Dundee, SW Scotland, Glasgow*
Occasional rain. Max. 18C (64F).

Aberdeen, Cent. Highlands, Moray Firth, NE Scotland
Occasional rain. Max. 16C *(61F).*

Argyll, NW Scotland
Dry, sunny intervals. Max. 16-18C (61-64F).

Orkney, Shetland
Occasional rain. Max. 15C *(59F).*

N Ireland
Mostly dry. Max. 18C (64F).

Outlook: Some rain in E, mainly dry in W.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstdm.	C	20	68	Madrid	F	25	77
Athens	S	28	82	Manchestr.	C	16	61
Bahrain	S	37	99	Melbourne	C	13	55
Barcelona	F	24	75	Milan	F	26	79
Beirut	F	28	82	Montreal	C	30	86
Belfast	C	14	57	Moscow	F	25	77
Belgrade	F	28	82	Munich	S	27	81
Berlin	S	31	88	Newcastle	R	12	54
Brmghm.	C	19	66	New Delhi	C	28	82
Bristol	C	17	63	New York	C	19	67
Brussels	F	21	70	Oslo	S	28	82
Budapest	S	26	79	Paris	C	19	66
B. Aires	C	17	63	Perth	C	16	61
Cairo	S	35	95	Prague	S	28	82
Cardiff	C	17	63	Reykjavik	C	11	52
Chicago	S	23	74	Rio de J'o	C	25	77
Cologne	R	19	66	Rome	S	31	88
Copnhagn.	S	27	81	Singapore	S	30	86
Dublin	R	14	57	Stockholm	S	28	82
Edinburgh	R	13	55	Strasbrg.	C	17	63
Frankfurt	C	24	75	Sydney	C	16	61
Geneva	R	16	61	Tehran	S	29	84
Glasgow	C	17	63	Tel Aviv	S	28	82
Helsinki	S	28	82	Tokyo	S	30	86
H. Kong	S	30	86	Toronto	C	22	72
Jo'burg	C	19	66	Vienna	S	30	86
Lisbon	F	22	72	Warsaw	F	27	81
London	F	18	64	Zurich	C	17	63
Luxemb'g	C	15	59				

HOLIDAY RESORTS

Ajaccio	S	27	81	Jersey	R	14	57
Algiers	S	29	84	Las Plms.	F	22	72
Biarritz	S	20	68	Locarno	R	19	66
Blackpool	R	14	57	Luxor	S	36	97
Bordeaux	C	21	70	Majorca	F	27	81
Boulogne	C	19	66	Malaga	S	27	81
Casablnca.	F	23	73	Malta	S	28	82
Cape Town	S	18	64	Nairobi	S	20	68
Corfu	S	30	86	Naples	S	32	90
Dubrovnik	S	25	77	Nice	C	25	77
Faro	S	22	72	Nicosia	S	29	84
Florence	S	31	88	Oporto	F	20	68
Funchal	C	21	70	Rhodes	S	29	84
Gibraltar	S	26	79	Salzburg	S	20	68
Guernsey	R	13	55	Tangier	S	24	75
Innsbruck	S	26	79	Tenerife	F	19	66
Inverness	R	12	54	Tunis	S	34	93
I. of Man	C	15	59	Valencia	C	22	72
Istanbul	C	21	70	Venice	S	27	81

S—Sunny. F—Fine. C—Cloudy. R—Rain.

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